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Clinton in '69: Mostly Typical, in a Most Untypical Time

Bush Denies Attacks Are McCarthyism

By Michael Kelly and David Johnston
WASHINGTON — In the fall and winter of 1969, several important things happened in the life of a bright, ambitious young man named Bill Clinton.
After months of elaborate effort, he finally beat the draft for the Vietnam War, drawing a number high enough in the new national lottery that he would never be inducted.
He became, in a small way, a figure within the anti-war movement, helping to organize one of the largest marches on Washington the movement ever produced and serving as a chief organizer of two small demonstrations in London. He took a trip through the Scandinavian countries, Russia and Czechoslovakia.
In later years, as Mr. Clinton charted the political course toward the presidency, he did not often publicly speak of the events of that year, and when he did, it was in vague and passive terms, as if he had been a sort of accidental tourist of his times.
Mr. Clinton has tended to shade the edges of his life.
But above all, it shows how sharp the difference remains between Mr. Bush's world and Mr. Clinton's, between the clear moral absolutes of the generation of World War II and the muddled gropings of those who came of age during the Vietnam War.
The exact nature of Mr. Clinton's anti-war activities has been confused by both Republican exaggeration and Democratic obfuscation. But a basic outline seems clear.
Although Mr. Clinton has described his participation in peace demonstrations as limited to that of almost a curious passer-by, the candidate's previous statements and those of several friends and of anti-war protesters indicate a more substantial involvement.
Mr. Clinton was an organizer of two London rallies in the fall of 1969 and also helped, to an apparently much lesser degree, organize a huge march on Washington on Oct. 15, 1969.
Yet, if Mr. Clinton appears to have minimized his activities, it also appears true that the Republicans are wrong to depict him as a major anti-war organizer or Communist sympathizer.
No evidence has surfaced indicating that Mr. Clinton took part in any violent political actions or was an important anti-war organizer.
Many of those involved with him at the time recall him as something of a milquetoast by the standards of late 1960s radicalism, a young man driven by a desire to remake his country, not to reject it.
It is also clear that the actions of Mr. Clinton at age 23 — in avoiding military induction, in demonstrating against U.S. foreign policy, See CAMPAIGN, Page 3

Iraqis Abduct An American In Kuwaiti Border Zone

By Chris Hedges
NEW YORK TIMES SERVICE
KUWAIT — An American munitions expert was abducted at gunpoint on Friday by Iraqi security forces operating in the demilitarized zone established along the Kuwait-Iraqi border, United Nations officials said.
The American, Clinton Adam Hall, was seized 1.9 kilometers (1.2 miles) from the UN observer post at Camp Khor, a former Iraqi naval base in the city of Umm Qasr, they said. Co-workers said he was working with two Pakistani employees of Environmental Health Research & Testing, an American company that clears mines and explosives left behind in the desert after the Gulf War.
Iraqi policemen accused him of being inside Iraq, put a gun to his head and forced him into their vehicle, co-workers said.
[The State Department spokesman, Richard A. Boucher, said the United States was working through diplomatic channels to secure the man's release. Reuters reported from Washington.]
"There was an American citizen picked up, and the Iraqis have him under their control," Mr. Boucher said.
"We've contacted the Iraqi government directly through their interest section in Washington, through their permanent representative to the United Nations in New York," Mr. Boucher said. "And we are working with the Polish Embassy in Baghdad that represents our interests there and with the United Nations to demand his release."
The incident took place in an area patrolled by the Iraqi police but south of the international border, which is to be set literally in stone by December with the installation of markers by a United Nations commission empowered to demarcate the frontier.
Until the border is formally marked, Iraqi police officers and customs agents have been permitted to operate in the area, as they did for several years before Iraqi invaders seized the rest of Kuwait in August 1990.
"We know the border is not marked," said the spokesman for the United Nations mission in Kuwait, Abdul Latif Khabbaz. "That is why we have those problems around here. We are trying to do whatever we can for his release."
Three Swedish engineers and a British engineer were taken into custody by Iraqi authorities earlier in the year. The men were charged with illegally entering Iraq and were all given seven-year prison terms.
The U.S. ambassador to Kuwait, Edward W. Gnehm, refused to comment on the abduction.
[A State Department official said the Iraqi detachment that arrested Mr. Hall clearly crossed the border. Reuters reported from Washington. "He didn't bump into them," the official said. "They came over to get him."
[There has been widespread speculation that President George Bush might seize on any

With Danes Out Front, Europe Looks to Maastricht Alternatives

By Craig R. Whitney
NEW YORK TIMES SERVICE
BONN — European Community countries moved closer Friday toward agreement on hedging a controversial treaty on monetary and political union with limits on the power of the Community's bureaucracy in Brussels.
The Danish government, beginning a national debate about what to do about a referendum that rejected the treaty last June, listed eight possible solutions. They ranged from Danish secession from the Community to ratifying the treaty but modifying it with "riders" acceptable to other members, but outside the text.
Britain has asked European leaders to consider a declaration accompanying the treaty that would also spell out the limits of supranational power. And Germany announced Thursday that it would leave the final decision on joining a common European currency to its legislature, though the treaty text does not explicitly give it the right to do so. The paper on the Danish alternatives pointed out that all over Europe, citizens were demanding a greater say by their national and local elective bodies in Europe-wide laws and regulations, most of See DANES, Page 5

London Ties Airport Access to BA-USAir Merger

By Reuters
LONDON — Britain will give U.S. airlines more access to its airways only if the proposed inkup between British Airways and USAir is approved, Transport Secretary John MacGregor told American aviation authorities Friday.
A Department of Transport spokesman said that "the U.K. has presented serious and detailed proposals for a program towards total liberalization of U.S.-U.K. air services."
The spokesman added that "the program contains a substantial range of liberalization measures which can be taken in the short term."
He did not give details of the measures.
He said Mr. MacGregor had made clear to the U.S. government that the timing of the program depended on how U.S. authorities reacted to British Air's proposal for a \$750 million capital injection into USAir in exchange for a 44 percent equity stake.
The spokesman added, "The U.K. awaits a serious response from the U.S."
Britain and the United States will have their next meeting over their mutual air service agreement on Oct. 20 in London.
The U.S. Department of Transportation, under severe pressure from some U.S. carriers, has so far not given the green light to the British Air-USAir linkup, forcing USAir to extend the original Oct. 4 deadline for the BA deal to Nov. 9.
Leaders of USAir's rivals — Stephen Wolf of United Airlines, Robert Crandall of American Airlines, Ronald Allen of Delta Airlines and Frederick Smith of Federal Express — together voiced public opposition on Oct. 1 to the proposed accord.
They want the United States to demand open access to Heathrow International Airport in London before approving the BA pact.
For financially strapped airlines, the trans-Atlantic sector still is one of the most profitable sectors, and carriers are busily looking for alliances with others to offer better and more frequent services at lower cost to business-class travelers. Access to major airports is crucial.

Two More Bombs Go Off in London

LONDON (Reuters) — Two devices, apparently car bombs, exploded in London on Friday night, one of them outside a club for former members of the armed services in a north London suburb, the fire brigade said.
The blasts follow a series of bombings in the capital earlier this week that the Irish Republican Army called a gesture of defiance against the annual conference of the ruling Conservative Party.
The IRA, which is fighting British rule in Northern Ireland, carried out four car-bomb attacks since Wednesday in which six people were slightly injured.
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Thyssen Museum: Can Spain Keep Its Art Bargain?

By Alan Riding
NEW YORK TIMES SERVICE
MADRID — After five years of preparations and negotiations, one of the world's great private art collections has finally gone on display here, loaned to Spain by its owners, the Swiss billionaire Baron Hans Heinrich von Thyssen-Bornemisza de Kaszon and his family, until the year 2001.
The collection, which comprises about 800 works from the 13th to the 20th centuries, has been valued by Sotheby's at close to \$2 billion. Until now, most of the collection has been kept at the magnate's family mansion of Villa Favorita near Lugano in Switzerland.
With the elegant baron and his wife, Carmen Cervera, hovering around like nervous parents, the Thyssen-Bornemisza Museum was inaugurated Thursday by King Juan Carlos I and opens to the public on Saturday. It expects to receive a million visitors per year.
Housed in a renovated early 19th-century palace, the new museum stands just 100 yards from the Prado Museum, with its unique collection of paintings by Velázquez, Goya and El Greco, and a half-mile from the new Sofia Art Center.
Spanish officials hope the "golden triangle" of museums will enable Madrid to rival Paris as one of Europe's most important centers of attraction for art lovers. Baron Thyssen-Bornemisza has expressed interest in leaving his collection permanently in Spain, but no immediate decision is expected. The collection is particularly welcome here because it covers many genres — from German Renaissance to 19th-century American, from French Impressionism to Russian Constructivism — poorly represented in Spain.

Willy Brandt Dies at 78, Architect of Ostpolitik

By David Binder
NEW YORK TIMES SERVICE
Willy Brandt, whose life spanned the defeat of his German fatherland in two world wars and who was awarded the Nobel Peace Prize for his efforts to overcome the Cold War division of Europe, died Thursday. He was 78 years old and had been under treatment for cancer.
By the time of his death at this home in Unkel, outside Bonn, the Social Democratic leader had lived to see East and West Germany united and the Iron Curtain torn down.
His tenure as federal chancellor of West Germany from 1969 to 1974 was a turning point in the history of the German people, and he himself was a figure of conciliation in both the domestic and foreign policies of a divided nation.
Mr. Brandt's life was filled with drama. He was pursued by the Gestapo, denounced by Communists, came under fire as a reporter in the Spanish Civil War, and experienced underground adventures in wartime, three marriages, the love of other women, the heights of electoral triumph, the depths of political defeat.
He also came to symbolize a Germany of peace, tolerance and a measure of modesty — qualities that had been erased from the image of Germans during the Hitler years.
"Das andere Deutschland" — "the other Germany" of Goethe, Kant, Schiller, Heine, and Beethoven — was what Mr. Brandt and other anti-Nazis saw themselves representing during the 12-year rule of Hitler, Himmler, Goebbels and Göring.
His major achievements began in 1970. Supported by only the thinnest of parliamentary majorities, he guided West Germany through arduous negotiations that eventually led to normal relations with the Soviet Union, Poland and East Germany and the easing of tensions in Central Europe. He was awarded the Nobel Peace Prize in 1971.
The effort at a new Ostpolitik, a policy of détente toward the East, was complemented by Mr. Brandt's achievements in deepening West Germany's involvement in the European Community and in broadening the Community to include Britain, Denmark and Ireland. West Germany also entered the United Nations in 1973.
This was the logical extension of the policy inaugurated by the first chancellor, Konrad Adenauer. Mr. Brandt called it "a German See BRANDT, Page 5



MAJOR RALLIES TORIES — Prime Minister John Major acknowledging Conservative Party applause Friday. At left is his wife, Norma, and Chancellor of Exchequer Norman Lamont; at right, Michael Heseltine, trade and industry minister. Mr. Major vowed not to let Britain's identity sink into a federal Europe. Page 5.

Baron Thyssen-Bornemisza with his portrait by Lucian Freud in the new Madrid museum dedicated to the baron's collection.

Decaying Mines Imperil Russia's Drive to Solvency

By Fred Hiatt

Washington Post Service
UDACHNY, Russia — For 25 years, workers descended into the huge, frozen pit at the center of this Arctic Circle outpost to mine one of the world's richest caches of diamonds — and help keep afloat the deteriorating Soviet economy.

Today, because of backward technology, political infighting and a legacy of rapacious exploitation, the diamond pit in this barren far-Siberian town is yielding its treasure more and more grudgingly.

Across Russia, a natural-resource crisis is threatening this nation's perilous voyage to capitalism and solvency. Underfunded and overworked during the long Soviet decline, Russia's oil wells, coal mines and gold veins are producing less and less, just as Russia desperately needs them to repay old Soviet debts to the West and revitalize the economy.

At the same time, Moscow no longer can ignore workers demanding higher wages and better safety, neighbors decrying their fouled environment or local officials claiming fatter slices of the pie.

Political instability — constantly changing laws and power struggles between Moscow and its regions — discourages Western investment. Russian nationalists, reeling from the fall from superpower to Third World status, regard any Western involvement as an insulting effort to take advantage of Russia's weakness. Growing corruption further diverts resources.

In Udachny, the problems are as stark as the gray mountains of slag surrounding the huge pit. The richest vein of diamonds has been tapped; now, large sums must be invested to open new approaches, shore up walls and cope with other problems of excavating 825 meters down into the mine director, Victor Zastrovsky.

In Factory No. 12, the world's largest diamond processing plant, dust clouds the chilly air, the dirty floor is slippery and puddled, and the thundering equipment, in many cases, is out of date.

For years, all chemical wastes were poured into the town's river. And nearby, the land is still radioactive from an unsuccessful Soviet attempt to blast open a diamond mine in the permafrost with one of the dozens of peaceful nuclear devices detonated in Siberia in the 1970s and 1980s.

"I think there's a genuine deterioration in the quality of diamond that's coming out of the ground," said Richard Walker, general manager of the Russian branch of the world's dominant diamond concern, De Beers Centenary Ltd. "Production has declined as well."

"The diamond industry is in need of huge investments," said

Leonid Gurevich, chairman of the diamond commission of Russia's parliament. "And from where will they come?"

Moscow has squandered previous chances to upgrade the industry. In 1990, De Beers advanced \$1 billion to the Soviet Union against future diamond sales, to invest in mines and polishing plants.

The diamond industry, Mr. Gurevich said, did not get any of it. Instead, the money went "to feed the arms race and the huge state apparatus, and to compensate for the red ink in our industry," he said.

Now, such funds will be more difficult to find. De Beers, itself suffering from the global economic slump, recently informed Russia that it will cut its diamond purchases by 25 percent next year.

The picture is similar across Yakutia, the giant Siberian republic that includes this diamond town.

In Neryungri, to the south, a city of 100,000 was constructed to support a huge open coal mine. Half the coal was shipped to Japan to pay for the equipment, according to Alexei Yablonsky, ecological adviser to the Russian president, Boris N. Yeltsin. Now more is being shipped off to pay for spare parts.

Worse, Mr. Yablonsky said, in five years all of Neryungri's coal will be gone.

"There will be nothing for the people there to do," he said. "The equipment will not work, the land will be spoiled."

"We were trapped by our own outrageous economic incompetence," he said.

In the mines along the Aldan River, the purest and most accessible gold has been tapped, according to Yakutia officials. Miners will have to travel north and deeper underground, and new enrichment plants will have to be built.

In Mirny, Yakutia's other diamond center, workers are coping with environmental disaster. When the Soviets built a dam to provide power for the diamond works, they did not bother first to harvest the local timber.

As a result, the woods were submerged and they rotted, contaminating the Vitny River with phenols. Diamond workers dumped thallium and other chemicals, while peaceful nuclear explosions made the water radioactive. Disease rates have doubled, according to Yakutia officials.

In western Siberia, the Russian oil industry is suffering a similar decline, experts said. More than 20,000 wells are idle, often for lack of spare parts. Millions of barrels of oil are lost from leaking pipelines.

Production may soon fall so low that Russia, the world's second-largest producer, will be unable to export any oil, which would be disastrous for this country and its neighbors.



A Serb removing the Croatian flag from the ruined town hall of Bosanski Brod, the last Croatian-Muslim stronghold in northern Bosnia.

UN Imposes a 'No-Fly' Zone in Bosnia

Compiled by Our Staff From Dispatches
UNITED NATIONS, New York — The Security Council imposed a "no-fly" zone over Bosnia-Herzegovina on Friday to prevent attacks by Serbian planes, but rejected aerial patrols and shoot-down orders for now.

But Mr. Karadzic said later that no cease-fire had been signed. "Our assembly has announced its platform for cessation of hostilities with the Croats and Muslims," he said. "It looks like the Croats have agreed and that it has happened."

He added: "But nothing is signed. There is maybe just an agreement at a local level."

Sylvana Fox, spokeswoman for the United Nations High Commissioner for Refugees, said in Geneva on Friday that 26 relief flights had arrived in Sarajevo as of Thursday night since the airlift, suspended Sept. 3, restarted a week ago. (AP, AFP, Reuters)

The 15-member council voted, 14 to 0, with China abstaining, to create the air-exclusion zone. It said it would urgently consider "further measures necessary to enforce the ban" in case of violations, a reference to possible military action. The ban was effective immediately.

The resolution marks the first time the Security Council has imposed a "no-fly" zone over a member state. Bosnia-Herzegovina wants the council to go further and authorize immediate military action against Serbian aircraft.

In Belgrade, an unconditional cease-fire is in force between Serbs and Croats in Bosnia-Herzegovina, a Serbian leader there told the Tanjug press agency on Friday.

But Colonel Bogdan Subotic, the defense minister of the self-proclaimed Serbian republic in Bosnia, said the Serbs were not party to the agreement.

Colonel Subotic said that the Serbs were ready to negotiate with Muslims on ending hostilities, but that Bosnia's Muslim president, Alija Izetbegovic, refused to cooperate. The colonel's remarks heightened diplomats' suspicions that Serbs and Croats had struck a deal to allow the Serbs to take the north Bosnian town of Bosanski Brod, which lies across the Sava River from Croatia. The town was captured Tuesday night.

Another leader in Serb-controlled southern Bosnia, Bozidar Vucurevic, told Tanjug that the truce had been signed by Bosnia-Herzegovina's Serbian and Croatian leaders, Radovan Karadzic and Mate Boban, and had come into force at midnight Wednesday.

Did Serbs Booby-Trap Dam?

UN Officials Cite a Potential for Disaster in Croatia

By Chuck Sudek
New York Times Service
MALKOVO, Croatia — United Nations officials say they have found evidence that the Serbs have rigged a huge hydroelectric dam with explosives whose detonation could lead to an uncontrollable rush of water onto downstream villages.

UN peacekeeping troops took control of the 60-meter-high (200-foot-high) structure in Serbian-held Croatia territory in mid-September. A demolition specialist from the peacekeeping force said he was certain that the dam, which has turned a stretch of the Cetina River into a lake 19 kilometers (12 miles) long, is booby-trapped with explosives in a well leading to an underground channel that must be opened to insure that winter floodwaters do not increase pressure on the dam to dangerous levels.

"We have stopped working because it is unsafe," said the demolition specialist, Captain Bruno de Meritens, of the French Army. He has 12 years of experience in explosives and has regularly inspected the dam since April and almost daily since UN forces took control of it Sept. 14.

"We cannot use light, we cannot make noise, and we cannot move things around," the captain said.

A UN official said the leaders of the Serbian Krajina Republic, the self-proclaimed state that Serbs have set up on the third of Croatia territory seized during last year's war, had warned him that the dam was first rigged with explosives as of November 1991.

"For six months I asked myself, 'Is it a bluff?'" Captain de Meritens said. "At the beginning we

found nothing. As we have looked more, we have found more evidence."

He said he had recently found two booby-traps in the well, with remote-control optical devices he uses to peer into the dam's underground passages. He said that near the well cap he had found safety fuses that are clipped off when explosives are set.

"A Yugoslav Army officer told me the well was booby-trapped," he said, referring to his first reconnaissance of the dam in April. "He refused to check the well. He was afraid."

The captain said he was concerned that the Serbs might be able to detonate the explosives by remote control.

If the dam ruptures, more than 510 million cubic meters (17 billion cubic feet) of water in the lake behind it would flood low-lying villages near the downstream town of Sinj, northeast of Split.

About 4,500 people live in the village of Trilj, which lies immediately below the dam, said Zvonimir Baletic, minister without portfolio in Croatia's government, who has worked on negotiations over control of the dam. But officials said they were confident that even if the dam was blown, residents downstream would have sufficient time to reach high ground.

"The main danger," Mr. Baletic said, "is that there would be significant property and ecological damage."

Serbs and Croats have fought for control of the Peruca dam because it produces electricity badly needed by both sides. Serbian forces, backed by the Yugoslav Army, forced Croatian military units from the dam a year ago. It now lies between Serbian and Croatian forces, within easy sniper and mortar range of either side.

WORLD BRIEFS

Germans Feud Over Curbs on Rights

BONN (WP) — Federal and state officials from across Germany met here to tackle a wave of rightist anti-foreigner violence, but Friday to reach a consensus on solutions and broke up amid partisan finger-pointing.

Participants were unable to reach even a "minimal consensus" on steps to ease the violence, despite the world outcry against the rightist attacks, said the Saarland interior minister, Friedlieb Laepfle, chairman of the special conference. The meeting brought together the justice and interior ministers from the 16 federal states in an effort to coordinate government action against the extremists.

But talks bogged down when ministers from states governed by Social Democrats balked at tough measures pushed by Chancellor Helmut Kohl's Christian Democratic interior minister, Rudolf Seiters.

De Klerk Apologizes for Apartheid

JOHANNESBURG (AP) — President Frederik W. de Klerk apologized Friday for apartheid, marking the first time a white South African leader has expressed such regret for decades of enforced segregation.

"For too long we clung to a dream of separated nation states when it was already clear that it could not succeed," Mr. de Klerk said in prepared remarks. "For that we are sorry."

Previously, Mr. de Klerk said only that apartheid was a well-intended policy that failed. After offering his apology Friday, Mr. de Klerk again said that apartheid was not intentionally evil. "Yes, we have made mistakes. Yes, we have often sinned and we don't deny this," he said. "But that we were evil, malignant and mean — to that we say 'no.'"

Roh Reshuffles Cabinet as Vote Nears

SEOUL (AP) — President Roh Tae Woo bowed to opposition pressure and replaced the nation's intelligence chief and four cabinet ministers Friday in an attempt to forestall South Korea's first neutral government to supervise presidential elections.

Mr. Roh said the reshuffle would ensure fairness in the elections, expected to be held in December, and end public concern over alleged vote-rigging and corruption. By law, Mr. Roh cannot serve another term. The new cabinet will be headed by Prime Minister Hyun Song Jong, a 72-year-old legal scholar, who was sworn in Thursday.

The new appointments are for cabinet posts that have direct or indirect responsibility for election matters.

Savimbi Seems Reconciled to Defeat

LUANDA, Angola (Reuters) — A senior United Nations official met the UNITA rebel leader, Jonas Savimbi, at his stronghold on Friday to try to persuade him to accept the results of Angola's first multiparty elections and not resume the civil war.

Margaret Anstee, the special representative in Angola of Secretary-General Butros Butros Ghali, flew to Huambo, central Angola, after meeting Mr. Savimbi's former foe, President Jose Eduardo dos Santos.

Returning to Luanda, she said the meeting had gone well and that Mr. Savimbi told her that he was prepared to accept defeat if it could be proved there was no voting fraud. Last week, Mr. Savimbi had rejected early results of the Sept. 29-30 elections, which showed Mr. dos Santos winning.

Chinese Aircraft Crashes, Killing 14

BEIJING (Reuters) — A Soviet-made Chinese aircraft carrying 35 people crashed in northwest China's Gansu Province, killing nine French tourists and five crew members, a local government spokesman said Friday. It was the third fatal accident to hit China's aged fleet of Soviet-made aircraft in three months.

A further five French tourists and three Taiwanese passengers were seriously injured, but were reported out of danger after treatment at a Lanzhou military hospital. The flight on Thursday from the Gansu capital of Lanzhou to the tourist city of Xian had been postponed for more than an hour because of engine trouble, the spokesman said.

For the Record

Japan will end a fingerprinting requirement for permanent resident foreigners on Jan. 8, the government decided Friday. (AP)

Romanians vote Sunday in a runoff presidential election to decide whether Ion Iliescu will stay in office or be replaced by Emil Constantinescu of the Democratic Convention, a centrist opposition force. Mr. Iliescu, a former side of the executed dictator Nicolae Ceausescu, is in a strong position to win Sunday's vote. (Reuters)

TRAVEL UPDATE

The International Civil Aviation Organization has adopted a resolution banning smoking on all airlines' international flights, starting July 1, 1996. The organization does not set civil aviation rules directly for its 173 member states, but the resolutions it adopts are taken into account by governments in drawing up their laws. (AFP)

Continental Airlines has unveiled a redesigned business class service called "BusinessFirst," which will reduce its seating segments on international flights from three classes to two. It is covering its fleet of 18 747 and DC-10-30 intercontinental jets, each of which will have 44 to 48 sleeper seats. The service will begin in London and Paris in December and in Frankfurt, Munich and Madrid by January. (AP)

The Norwegian Storting voted for a \$3 billion plan to build a new airport for Oslo, ending a 36-year debate. The parliament voted to expand the small Gardermoen airport, which currently handles charter flights, to make it the main airport as of 1998. It is about 40 kilometers (25 miles) north of the capital. (Reuters)

Lufthansa will begin twice-weekly flights between Frankfurt and Almaty, the capital of Kazakhstan, on Nov. 1, the airline reported. (IHT)

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China Affirms Zhao Erred in Support For Protesters, but Ends Its Inquiry

By Lena H. Sun
Washington Post Service
BEIJING — China's ruling Communist Party ended its investigation Friday of the former party leader Zhao Ziyang, upholding a hard-line decision three years ago that Mr. Zhao made serious mistakes in supporting the 1989 democracy demonstrations, Xinhua press agency said.

The three-paragraph announcement by the party's policy-making Central Committee effectively ruled out any return to political life by the former protégé of the senior leader Deng Xiaoping. At the same time, the news agency appeared to indicate that no further action, such as criminal proceedings, would be taken against him.

The timing of the announcement took some analysts by surprise because it was believed that internal party differences over his case were still too great to allow a conclusion before a major party congress is to open here on Monday.

The congress is expected to promote some younger, more reformist leaders into the top echelons of the party. The fact that the party has officially closed the chapter on Mr. Zhao before the congress sug-

gests that hard-liners opposed to even a partial clearing of his name were hoping to use that strategy to prevent any newly elected reformist leaders from reopening the case, according to some analysts.

"This just sweeps it under the rug so they don't have to argue about it during the congress," said a Western diplomat.

It is now almost certain that the party will not reconsider the issue while Mr. Deng and the other party elders who rule China are still alive.

It is not known what immediate effect the decision will have on Mr. Zhao, 74, who has not been seen in public since May 19, 1989. He has been living under virtual house arrest in central Beijing with his family. The news agency still referred to him as "comrade." It is highly unlikely that he would be expelled from the party.

His case has been under investigation for so long because it goes to the heart of the 1989 crackdown: Whether Mr. Deng and China's other ruling elders were writing to order the Chinese Army to fire on demonstrators. Any backpedaling on Mr. Zhao's case would be interpreted to mean a reassessment of the decision to crack down.

Although it was never likely that Mr. Zhao would have been fully rehabilitated, there had been some expectation that party authorities, in a symbolic gesture, might agree that he made lesser errors.

Mr. Zhao, who was party secretary-general during the 1989 protests, was last seen in public visiting protesters in Tiananmen Square. He had tears in his eyes as he told them: "We have come too late. The problems you have raised will eventually be resolved."

After the Chinese Army crack-

down, the party stripped him of his political and military posts. In that decision, which was upheld Friday, the party accused Mr. Zhao of making the mistake of "supporting the turmoil and splitting the party," and said he had "unmistakable responsibilities for the shaping up of the turmoil."

The announcement was significant in that it did not repeat the specific mistakes that Mr. Zhao committed, nor did it give any greater criticism to Mr. Zhao, suggesting that the authorities were looking for the least vindictive way of making the announcement.

"I've noticed all sorts of suggestion but haven't yet seen the case argued very clearly," he added.

Chinese officials have criticized the changes announced by Mr. Patten in his Wednesday policy speech, saying they do not comply with the Basic Law, Hong Kong's post-1997 constitution, and violate a passage in the Joint Declaration calling for London to consult with Beijing before making any major changes in the colony.

Mr. Patten has repeatedly said that his blueprint for the colony is consistent with the Joint Declaration and the Basic Law "in every particular."

Noise Control for Tokyo

The Associated Press
TOKYO — The city passed a noise control law amid a raucous protest that seriously injured a city employee, an official said Friday. An official said the law, which passed by 108 to 14, with 3 abstentions, will forbid noise above 85 decibels — roughly the noise level inside a subway car.

Patten Challenges China to Say How He Violates Pact

International Herald Tribune
HONG KONG — Governor Chris Patten challenged Chinese officials on Friday to detail how his recent proposals to increase democracy in the colony violated the 1984 Joint Declaration in which London agreed to return the colony to Beijing in 1997.

"If people say that what I've set out isn't in conformity with the Joint Declaration and the Basic Law, I think it is incumbent upon them to indicate why," he said in a speech to the colony's business community.

"I've noticed all sorts of suggestion but haven't yet seen the case argued very clearly," he added.

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The Weather

Forecast for Sunday Through Tuesday

Region	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
North America	Sunny through Tuesday will be cool in Chicago to Toronto with a gusty wind at times. Showers are expected in New York City Sunday and Monday and Tuesday.			Partly cloudy with showers and scattered snow will travel southward from Lansing toward Moscow.					
Europe	Partly cloudy with showers and scattered snow will travel southward from Lansing toward Moscow.								
Asia	Typhoon Yvette will leave the Manila area Sunday and move into the South China Sea. Bangkok and Singapore will be warm and humid with thunderstorms possible. Tokyo will be cool and rainy early next week. Sunday will offer cool temperatures and showers to Seoul.								
South America									
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South America									

Harry's New York Bar
 EST. 1911 PARIS
U.S. Elections Straw Vote
 starts at "Sank no doe noo" Monday Oct. 12
 Harry's New York Bar
 5, rue Daunou, Paris 10:30 a.m. / 14 a.m.

WORLD BRIEFS

Germans Feud Over Curbs on Rights

De Klerk Apologizes for Apartheid

Roh Reshuffles Cabinet as Vote Nears

Savimbi Seems Reconciled to Defeat

Chinese Aircraft Crashes, Killing 14

For the Record

TRAVEL UPDATE

The Weather

China Affirms Zhao Erred in Support For Protesters, but Ends Its Inquiry

Patten Challenges China to Say How He Violates Pact

Noise Control for Tokyo

Not Met with Vietnam, Ho Chi Minh City

CAMPAIGN '92 / THE TEXAS EQUATION

★ ELECTION NOTES ★

Election Winds Leave China in the Cold

BEIJING—If the U.S. presidential campaign is not going so well these days for President George Bush, Chinese leaders seem to think it is going even worse for them. They are particularly concerned that American voters will elect Governor Bill Clinton of Arkansas, who has called for linking China's trade privileges to its human rights record. Mr. Clinton sent shivers down octogenarian spines here when he called this summer for "an America that will never coddle tyrants, from Baghdad to Beijing."

But even Mr. Bush, long regarded by the Chinese as an old friend, has proved distinctly unfriendly on the campaign trail. Many specialists on China say Chinese-American relations are already severely strained and may get worse.

"I think that we're going to see a very tense, delicate relationship and that we're going to see the relationship continue to go downhill irrespective of who wins the White House," said John T. Kamm, a Hong Kong-based business consultant and specialist on Chinese-American relations. "Of course, they'll probably go downhill a little faster if Clinton wins."

Chinese officials have long shown a preference for Republicans, and they often speak glowingly of former President Richard Nixon and his secretary of state, Henry A. Kissinger, for opening up relations, while giving much less credit to the Carter administration for formally recognizing China. Beijing seemed to regard the Democrats in the 1970s and 1980s as too weak-kneed in opposing Moscow.

But there are many signs that the Bush administration's patience with Beijing has worn thin, and that it is no longer willing to pay a political price for cultivating ties to China. For example, the administration is threatening that unless Beijing agrees by the end of this week to take major steps to open up its markets, the United States will retaliate against up to \$3.9 billion in Chinese exports.

For all their resentment at the administration's recent toughness, the Chinese leaders appreciate that Mr. Bush has vetoed congressional efforts to put conditions on the most-favored-nation trade status that China enjoys.

(NTT)

Another Vietnam War Issue Resurfaces

WASHINGTON—Ross Perot's re-entry into the presidential race and the publication this week of testimony he gave to a Senate panel last summer has reawakened interest in his involvement with President Bush in efforts to resolve the issue of Americans missing from the Vietnam War.

In a closed session on July 1, Mr. Perot told the counsel for the Senate panel that in 1986, Mr. Bush, then the vice president, asked him to look into a report that a man imprisoned in Singapore was offering to sell for \$4.2 million a videotape of Americans being held in slave labor in Laos.

"The vice president asked me if I would acquire the tape and, if it were authentic, the U.S. government was to reimburse me," Mr. Perot said.

Although Mr. Perot repeated his testimony in a public hearing in August, it received little attention at the time because he had withdrawn from the presidential race.

The videotape never materialized in 1986. Mr. Perot said that when he tried to reach Mr. Bush later to report on his findings, the vice president said that he knew nothing about the project.

At the Senate's request, the Bush administration is declassifying thousands of government documents on Americans missing in Indochina. The documents, along with Mr. Perot's testimony last summer, have renewed interest in the issue as the presidential campaign enters its final weeks. The testimony indicates that Mr. Bush was actively involved in the issue and eager to enlist Mr. Perot's support.

Later in 1986, Mr. Bush asked Mr. Perot to "make one last sweep" through the files of the prisoners of war and the missing in action to re-examine cases, the Texas billionaire said.

"I told him I did not want to because I knew we had left men in Laos and I did not need to make a study to prove that, and that I had real concerns whether or not our government would do anything if I did make a study and proved it again," Mr. Perot said.

(NYT)

Quote-Unquote

Neel Davis, a Democratic campaigner in the state of Delaware: "I've really been amazed at the number of country club members who said they just can't vote for George Bush. I just think it's too late to turn the tide." (AP)

Away From the Hustings

- University of Massachusetts students, angered by an alleged racial attack, rampaged through a high-rise campus dormitory, vandalizing halls and bathrooms and scattering anti-white slogans. Witnesses and officials said about 50 minority-group protesters also briefly blocked a campus street and threw rocks at a science building.
 - Fisher-Price is recalling about 900,000 child safety seats because of defects that can make them difficult to buckle or allow the shoulder belts to move out of proper position. About 424,000 model 9100 and 9101 seats made between February and October 1989 have plastic on the buckle shield that can break after repeated use.
 - A landmark anti-tobacco law for New York City has been approved overwhelmingly by the City Council. The law makes it more difficult for minors to buy cigarettes and requires anti-smoking messages to counter tobacco advertisements in bus shelters and on taxis and other spaces owned or licensed by the city. It also bans smoking in public and private schools, outlawing the sale of loose cigarettes and requires store owners to ask for proof that customers buying cigarettes are over 21.
 - Casper W. Weinberger has waived his right to a jury trial, leaving the Iran-contra charges against the former defense secretary to be decided by Judge Thomas F. Hogan in U.S. District Court. The move was made to avoid delays in picking a jury and generally speed up the trial.
 - Fifteen cars of a CSX train were derailed Friday after tracks were washed out by flooding, spilling mercaptan, an unpleasant-smelling chemical, and closing U.S. Highway 378, officials said in Alandale, South Carolina.
 - Detroit schoolteachers have approved a new two-year contract by a 8-to-1 margin, officially ending the labor dispute that led to a monthlong strike.
 - A powerful explosion at a Los Angeles oil refinery rocked a wide area of the southern part of the city, injuring 17 workers and forcing at least 600 people from their homes for several hours. The blast shattered windows on cars, homes and businesses 2 miles (3 kilometers) from the Texaco refinery in suburban Wilmington.
- AP, NYT, WP

BUSH: Not McCarthyism, He Says

(Continued from page 1)

report, Mr. Bush's attack on Mr. Clinton sprang from an orchestrated Republican strategy plotted at a meeting at the White House involving Mr. Bush, Mr. Baker, and four Republican congressmen: Mr. Dornan, Randy Cunningham and Duncan Hunter of California and Sam Johnson of Texas.

Mr. Dornan and Mr. Cunningham told the president at the meeting that he could "kill Clinton politically" if he would hammer him on the issue of the Democratic presidential nominee's efforts to avoid the draft and his visit to Moscow when he was a 23-year-old student in 1969. The four congressmen had made a series of speeches on these issues on the House floor last month.

Mr. Dornan said that in Tuesday's meeting, he urged Mr. Bush "to take the gloves off." Mr. Cunningham said that the president "told us not to worry, that he would use the issue."

Mr. Cunningham, who was a highly decorated navy combat pilot during the Vietnam War, said that he told Mr. Bush: "This is an issue that will kill Clinton when people realize what a traitor he is to this country. In some countries it's something like this came out, he would be tried as a traitor. Tokyo Rose had nothing over Clinton."

At that, Mr. Baker "just laughed, but didn't say much," Mr. Cunningham said.

Mr. Baker later stressed that the president must "remain above board," according to Mr. Cunningham. "We cannot pick up the phone and use the power of this office to find the kind of information you're getting. You have to do it for us," Mr. Cunningham quoted Mr. Baker as saying.

Marlin Fitzwater, the White House spokesman, denied that the meeting with the congressmen had led to the president's new attack on Mr. Clinton. Mr. Fitzwater said that Mr. Bush had met with them "to hear their views on the issues." (Reuters, LAT)

Sign of Hard Times for Bush: Tight Race in Lone Star State

By Robin Toner
New York Times Service

WASHINGTON—Underlining the Republicans' vulnerability even in states they once counted on, President George Bush is locked in a tight race with Governor Bill Clinton in the critical state of Texas, according to a New York Times/CBS News poll.

The survey shows Mr. Bush with a narrow edge in Texas, with the backing of 41 percent of the voters to 37 percent for Mr. Clinton. That is within the poll's margin of error.

It also shows that Ross Perot, who was widely expected to be more popular in his home state of Texas than almost anywhere else, has the backing of 11 percent.

Mr. Bush's standing in Texas is more comfortable than his standing in the nationwide polls, which this week showed him trailing Mr. Clinton by eight to 17 percentage points.

Texas, with its 32 electoral votes, is by almost any reckoning a must-have state for the Republicans if they hope to reach the 270 electoral votes necessary to win.

The fact that Mr. Bush has yet to lock it

up so close to the election is a grim omen for the Republicans.

Other state polls compiled this week by the Hotline, a political newsletter in Washington, show Mr. Bush still scrambling to secure many of the states across the Sun Belt that have been reliable parts of a Republican majority for years.

"It's too close in the base states," said Fred Steeper, a poll-taker for the Bush campaign.

At the same time, Mr. Clinton retains a double-digit lead in California, which has one-fifth of the votes needed to win.

The Hotline compilation also shows Mr. Clinton with big margins across most of the Northeast, and also with substantial leads in some of the big Midwestern states.

In Illinois, for example, a Chicago Tribune poll conducted Sept. 26-28 showed Mr. Clinton with a lead of 20 percentage points; in Michigan, a Detroit News poll conducted Oct. 1-2 showed Mr. Clinton with a 13-point lead.

The electoral map, in short, suggests an even more daunting challenge for Bush than the national polls on the popular vote do.

"It reinforces just how difficult this election is," said Neil Newhouse, a Republican poll-taker. "The states on which we had traditionally depended for our 'electoral lock' simply aren't there this year or have moved into the competitive state category."

All of this highlights the importance of the presidential debates that began Sunday.

The New York Times/CBS News poll of Texas, conducted Monday through Wednesday, has a margin of sampling error of plus or minus 3 percentage points.

Arms-Control Talks? No, Presidential Debate Negotiations

By Richard L. Berke
New York Times Service

WASHINGTON—After several journalists vowed to reject any offer to question candidates in the nationally televised presidential debate Sunday, the sponsors turned to four reporters who were not likely to balk: Each one had already served on a debate panel.

The campaigns also settled on other details, from stage angles to makeup to the color of the backdrop, that may not seem consequential to viewers but were the subject of painstaking negotiations.

And the campaigns drew lots to decide who would make the opening statement in the first debate (Ross Perot) and who would make the closing statement (President George Bush).

They also drew lots to decide who would stand where. (Governor Bill Clinton will be in the middle, with Mr. Bush stage left and Mr. Perot stage right.)

The bipartisan Commission on Presidential Debates announced that Jim Lehrer of the PBS program "MacNeil-Lehrer Newshour" would moderate the first of the three debates Sunday at Washington University in St. Louis, Missouri, at 7 P.M. eastern daylight time (2300 GMT). The questioners will be Ann Compton, a White House reporter for ABC News; John Mashek, a White House reporter for The Boston Globe, and Sander Vanocur, a free-lancer who has worked for ABC and NBC.

The commission is expected to announce the selection of Hal Bruno, the political director of ABC News, to moderate the vice presidential debate in Atlanta on Tuesday. There will be no panel of questioners at that debate. Candidates instead will have the opportunity to ask one another questions.

At the presidential debate, the moderator will state a topic and the first panelist

will then pose a question to a candidate, who will have two minutes to respond. Each of the other candidates will give a one-minute rebuttal. The process will be repeated twice, with a different panelist questioning a different candidate on the same subject.

Several journalists and news organizations have said they would not take part in the presidential debates, calling the process tainted because the campaigns had the authority to strike off panelists who were not to their liking.

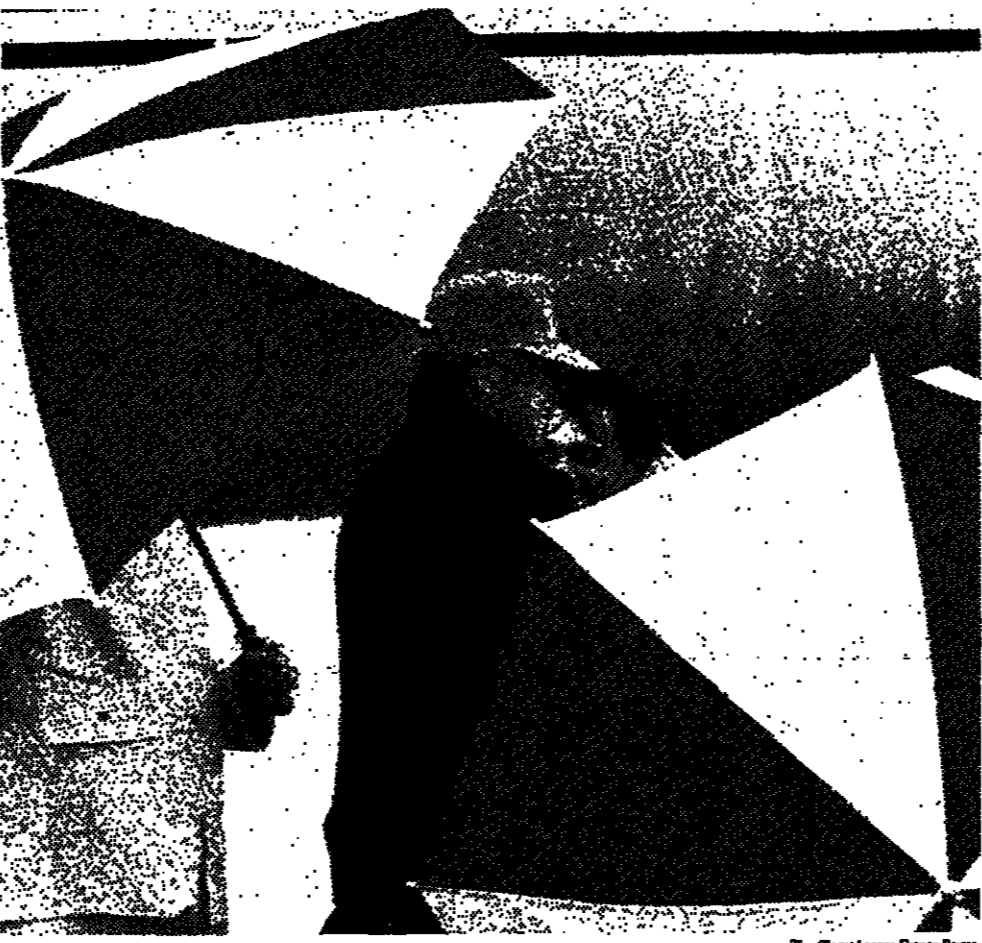
The only reporter to turn down an invitation was Gerald Seib, chief diplomatic reporter for The Wall Street Journal, who is also covering the closing weeks of the campaign. Al Hunt, the Journal's Washington bureau chief, said that since 1988 the paper had followed a policy "not to participate in any events in which politicians select or play a role in selecting the reporters."

Mr. Lehrer, who was moderator of the first presidential debate between Mr. Bush and Michael S. Dukakis in 1988, has been outspoken in defense of journalists' participation.

"I'm in a state about what I've decided to do," he said in an interview. "If I wasn't, I wouldn't do it. This isn't about us; it's about the candidates for president of the United States and the voters of America."

For the panel selection process, each of the campaigns and the commission submitted a list of 10 names. Each campaign had the authority to strike names from the others' lists, and the commission picked the panelists out of the remaining names.

After a process that at times seemed as complicated as arms-control negotiations, with even the most minor points seemingly fraught with political meaning,



Mr. Clinton arriving in a rainy Kansas City, Missouri, where he is preparing for the Sunday debate.

Bush Hits With a Boomerang New Swipe at Clinton Reflects on President

By Dan Balz
Washington Post Service

WASHINGTON—For months, aides to President George Bush have tried to make character the central issue of the presidential campaign. But in trying to focus attention on Bill Clinton's 1969 trip to Moscow during the Vietnam War, Mr. Bush has raised potentially damaging questions about the character of his own campaign.

Vietnam has stalked Mr. Clinton since early last winter, when discrepancies in his draft record and his conflicting statements on the subject nearly tripped up his candidacy before the first votes were cast. Just beneath the surface of the controversy over Mr. Clinton were some old antagonisms and arguments about the war that remain unresolved.

Republicans have tried to revive and expand the draft issue this autumn, as a surrogate for questions about Mr. Clinton's character and credibility. But it was not until this week that they moved the issue to a different level by invoking the old specter of anti-Communist suspicion and innuendo that marked American politics of an earlier era.

Aides to Mr. Bush tried to back

away from suggestions that they were trying to bait Mr. Clinton about Communist ties as a student war protester, but they insisted that Mr. Clinton was not telling the full story of his involvement in opposing the war. Mr. Clinton's advisers, who struggled all week to deflect an issue that was lurking on the edges of the campaign, appeared relieved that Mr. Bush's comments on CNN's "Larry King Live" had given them the vehicle for fighting back.

Democrats such as Senator Bill Bradley of New Jersey denounced Mr. Bush on Thursday for McCarthyism and "red-baiting," phrases that seemed almost ironic coming more than a year after the collapse of communism. Privately, Republicans grumbled that Mr. Bush and his campaign appeared so desperate that they were trying to win votes by portraying Mr. Clinton as a Communist duped.

What provoked Mr. Bush to step into the issue personally remains a mystery. Perhaps it is a combination of his inability all autumn to crack Mr. Clinton's lead in the polls and his own beliefs about patriotism and Vietnam. He told reporters Thursday morning he was saying something that was "on his heart."

In 1988, Mr. Bush showed that there was a difference between his personality as a candidate and the personality he adopted once the campaign was over. He demonstrated a willingness to engage in slashing tactics against Michael S. Dukakis, but once the campaign was over he tried to put that behind him by calling for reconciliation.

Once again, the country sees the contrast between the two Bushes—one a patrician gentleman and the other a brawler who said at the beginning of the year that he would do whatever it took to get elected.

The differences between Mr. Clinton and Mr. Bush on Vietnam are as stark as the fights between fathers and sons at the height of the war, as clear as the conflict between a World War II generation raised on duty, honor and country and the '60s generation whose opposition to Vietnam sometimes resulted in violent protests.

Mr. Bush's conflict with Mr. Clinton may be rooted in the fact that Mr. Clinton not only did not serve in the military, but also en-

CAMPAIGN: On Anti-War Issues, the Moral Lens Is Less Than Clear

(Continued from page 1)

even in traveling to the Soviet Union — were not unusual. Indeed, they were almost prototypical of those who, like him, were part of the intellectual elite of that generation.

But if Mr. Clinton was typical of his class and time, the actions of that class and the tenor of that time were not at all typical of American history. No other generation has ever acted in quite the fashion that Mr. Clinton's did, nor stirred more unresolved passions. Now, in the person of Mr. Clinton, American voters face the possibility that a generation that once took to the streets to publicly denounce American policy will lead it.

What is unknown — but will be known on Nov. 3 — is whether it matters much anymore.

As Mr. Clinton pointed out Thursday, "Mr. Bush in his inaugural address had a wonderful phrase about how the Vietnam War cleaves us still and it was time to put it behind us."

"And now, because he's behind, he's tried to raise all the challenges of that time."

The Republican campaign to paint Mr. Clinton as a man with a secretly militant history began on Sept. 18, the first night of eight in which a quartet of conservative congressmen — Robert K. Dornan, Randy Cunningham and Duncan Hunter of California, and Sam Johnson of Texas — took to the deserted floor of the House to denounce Mr. Clinton.

The speeches were extraordinary for a level of strident, hyperbolic accusations that echoed the red-baiting rhetoric of 40 years ago.

The speakers described Mr. Clinton as a "useful idiot" to the Soviet government, as a man who in other countries would have been "tried as a traitor or even shot," as a "full-time organizer for demonstrations against his country in a foreign country," as a man "directly responsible" for the deaths of American military men in Vietnam.

On Wednesday, Mr. Bush picked up the brush.

"I cannot for the life of me understand mobilizing demonstrations and demonstrating against your own country, no matter how strongly you feel, when you are in a foreign land," Mr. Bush said, in an interview on the CNN program "Larry King Live."

Mr. Clinton said, as he has always said, that he had been an

open-spoken opponent of the war, but defended his activities in 1969 as innocent and minor. He said that he "helped put together a teach-in at the University of London" and that that had been "the only thing I ever helped put together."

He acknowledged that he had "participated" in a demonstration at the U.S. Embassy.

Mr. Clinton's own words, included in a letter he wrote on Dec. 3, 1969, appear to belie the claim that he organized, or helped to organize, only one event, the teach-in.

"I have written and spoken and marched against the war," he wrote in a letter to the director of the Reserve Officers' Training Corps program at the University of Arkansas, explaining why he had decided not to join the program. "After I left Arkansas last summer, I went to Washington to work in the national headquarters of the Moratorium, then to England to organize the Americans here for demonstrations Oct. 15 and Nov. 16."

The "Moratorium" Mr. Clinton referred to was one of two enormous international anti-war protests of 1969, culminating in a huge protest march in Washington on Oct. 15.

David Mixner, a national co-chairman of the Moratorium, recalls Mr. Clinton as "not at all a major player in the anti-war movement" but as someone who helped, in a small way, in the summer of 1969 to organize the fall protests.

In the fall, Mr. Clinton returned to England for his second year as a Rhodes scholar at Oxford. On Moratorium Day, about 300 people, mostly American students, demonstrated peacefully outside the U.S. Embassy in London. It is apparently this rally that Mr. Clinton claims in his December 1969 letter to have organized.

Ira Magaziner, who was a fellow student at Oxford in 1969 and is now a senior economics adviser to the Clinton campaign, said he remembered the October rally but did not recall Mr. Clinton as an organizer. Like several of Mr. Clinton's friends at that time who were interviewed this week, he remembers the student from Arkansas as intensely interested in issues like the war and racism, but not as a radical.

"This was a very conventional group of people, not people who were burning flags or shouting 'pig' at the police," he said. "It was a very moderate group of people."

gaged in anti-war protests, sometimes as an organizer of demonstrations while in England on a Rhodes scholarship.

"Maybe I'm old-fashioned," Larry, the president told Mr. King on his Wednesday night program. "But to go to a foreign country and demonstrate against your own country when your sons and daughters are dying halfway around the world — I'm sorry, I just don't like it. I think it is wrong. I think it is wrong to do that."

Mr. Clinton is hardly blameless in the controversy. It has taken much of the year for his draft history to dribble out, and he has given inconsistent statements about the degree to which he was an organizer of anti-war protests in England.

Each inconsistency, whether on how he escaped the draft or on how involved he was in the anti-war movement, has given the Bush campaign ammunition.

"Larry, I don't want to tell you what I really think 'cause I don't have the facts," Mr. Bush said. "But to go to Moscow one year after Russia crushed Czechoslovakia, not remember who you saw in Moscow?"

It is unlikely that the gulf between Mr. Bush and Mr. Clinton on Vietnam can ever be breached — each is in a way hostage to his biography. Despite a sour economy and unpopular policies, Mr. Bush remains to many Americans a personally popular figure, and a kind and decent person. But the character issue has taken an unexpected turn and it is Mr. Bush, and not just Mr. Clinton, who must deal with it now.

AMERICAN TOPICS

Mount Rainier, Long Quiet, Has Potential for Disaster

Mount Rainier, Washington State's majestic 14,410-foot (4,392-meter) snow-capped volcano, has not erupted in 150 years. Nobody knows when it will erupt again. But when it does, scientists say, it could wreak devastation on a scale dwarfing the cataclysmic 1980 eruption of a Cascade Range neighbor, Mount St. Helens.

Even without an eruption, a robust landslide or avalanche touched off by an earthquake could send enough water, mud and debris cascading down the slope to bury several towns.

Rainier "has the potential" for major catastrophe, said Steve Malone, a University of Washington seismologist who led a recent conference of 60 volcano experts on the university campus.

The eruption at Mount St. Helens leveled 230 square miles (596 square kilometers), killed 57 people and sent up an ash cloud that circled the globe.

"If the May 18, 1980, eruption occurred at Mount Rainier, I would say the consequences would be even more deadly," said Chris Joun-

tz-Trisler, a natural hazards program specialist with the Federal Emergency Management Agency in Seattle. Rainier is closer to population centers and packs millions of tons of glacial ice that could be melted by hot magma, causing a severe flood.

Rainier's eruption 150 years ago resulted in only a minor dusting of ash. Its last major eruption happened 2,200 years ago.

Short Takes

One of every four American adults would not give up television even if they were paid a million dollars, according to a survey commissioned by TV Guide magazine. One of every two said they would have to be paid at least that much. On the other hand, nearly one in four said they would give up television forever if paid a mere \$25,000. Four out of five said they were watching less television than they did two years ago. Only one out of eight said they felt guilty about watching too much television.

In Nevada, where gambling is not only legal but a major industry, even picking a chief justice of the state supreme court can be a game of chance. But next month, voters will be asked to abolish the practice, instituted in 1864, of tossing a coin to choose the chief of the high bench. Currently, the job of chief justice goes to whichever member of the court has the shortest time remaining in his or her elected six-year term. But from time to time,

two justices are "short-termers" simultaneously. So they flip a coin. The amendment would require the justices to select the chief by vote. Chief Justice John Mowbray, who won his job with a coin toss, is one of several people who say they are concerned that dropping it would lead to animosity and power-broking.

Sitting outdoors in a football stadium can be a chilling experience. Blankets or sleeping bags help, but they are bulky and the feet get cold, unless heavy boots are worn. Now Marvel Putnam, a retired maker of circus tents, has designed a nylon stadium bag that slips over the wearer's feet, legs and lower chest, and then zips up. At 47 inches (120 centimeters), one size fits all. Although not lined like a sleeping bag, the "Snugg-4-Bun" acts as a windbreaker and stores body heat. The bottom panel is extra thick so the wearer can stand up and cheer. The Snugg-4-Bun weighs less than a pound (half a kilogram) and costs from \$25.50 to \$39.80, depending on the model. The manufacturer can be phoned in Sacramento, California, at (916) 423-3990.

Andy Van Slyke, outfielder with baseball's Pittsburgh Pirates, when asked if there was anyone else in the world he would trade places with for a day, replied, "My wife, so I can see how wonderful it is to live with myself."

Arthur Higbee

WORLD BRIEFS

Lead Over Curbs on Federal...
Apologizes for Apartheid...
Members Cabinet as Vote...
ems Reconciled to...
raft Crashes, Killing...
ord...
AVEL UPDATE...
to our readers in France...

INTERNATIONAL HERALD TRIBUNE

Half-Measures on Bosnia

The horrors keep piling up in Bosnia: 150 Muslim women, some of them teenagers, are raped by Serbian thugs and compelled to go through with their pregnancies...

take the crucial next step: to establish a tribunal to indict and try the perpetrators. Nor did the Council or key Western powers crack down on air and artillery atrocities...

Bush Takes the Low Road

Chalk up yet another irony in the Bush drive for re-election: the president's campaign about the dirty, ugly character of this year's campaign, even as he propels it toward a new low in sly innuendo and overt mud-slinging...

other protests in the United States and around the world — including rallies of U.S. servicemen in civilian clothes in Frankfurt and of Peace Corps volunteers in Asia and Africa...

Getting Out of the Slump

To judge by the urgings of the presidential candidates, no one would know that the U.S. economy is stagnating? They all talk about the long-term problem of spurring growth, which is a theme worth attention...

more. Indeed, if the Fed were to become much more aggressive it might frighten bond traders. Fearing inflation, they could demand higher interest rates, the opposite of what the Fed wants to accomplish.

Two Refugee Standards

Hundreds of Cubans have been landing in Florida in recent months, escaping the repressive Castro regime and economic privation. Under streamlined procedures, the new arrivals have been allowed to remain in the United States as legal immigrants and political refugees...

ing it still easier for Cubans to enter. The special treatment has been an inducement to individuals on leaky boats and to those who smuggle large groups. It is politically popular among the anti-Castro Cubans in Florida. But it is often hard to distinguish between those escaping persecution, who are thus entitled to admission as political refugees, and those seeking a better life, who would not be except for the special law.

Bush Should Face the Yugoslav Challenge

NEW YORK — At a private meeting last month, George Shultz, the former U.S. secretary of state, spoke in passionate terms about the human disaster taking place in what was Yugoslavia. He deplored the U.S. government's failure to do more to stop Serbian attacks on Bosnia.

continuing their Nazi-like "ethnic cleansing" of Bosnia. They can languish off the promises because the U.S. president shows no sign of caring. In the six months of Serbian attacks on Bosnian civilians, some 10,000 children have been killed or been reported missing. And worse is on the way.

The scene in Bosnia is enough to break the heart of any normally sensitive person. Theodore Forstmann flew there himself last month and came back utterly distressed. He has organized the shipment of many thousands of parkas, blankets and heaters to ward off the winter cold that will kill Bosnians even more swiftly than starvation.

Albania: A Crucial Role for Europe

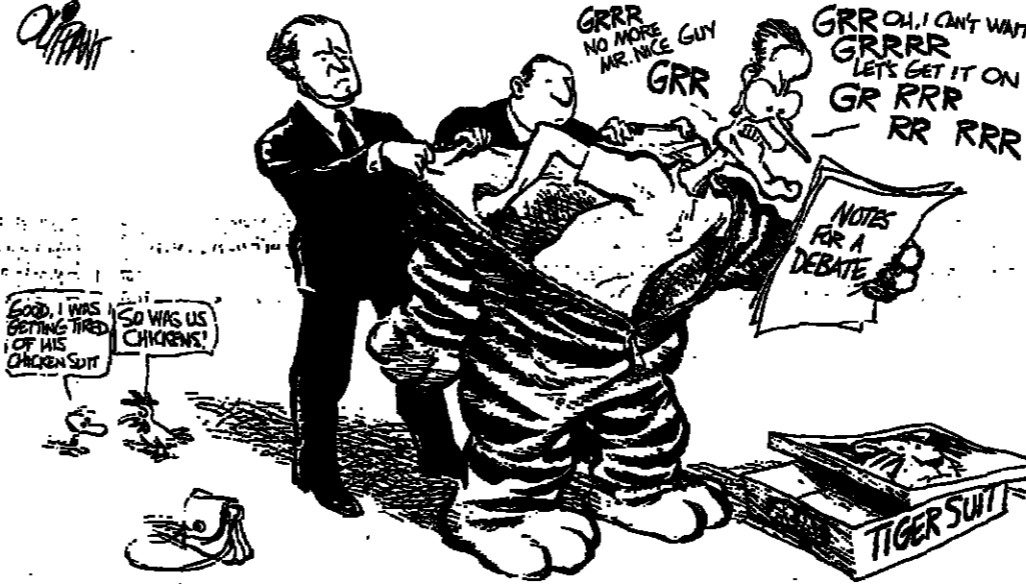
TRIANA, Albania — Albania could be the next flashpoint in the Balkan conflagration, potentially a most serious threat to regional stability. But financial assistance from Western Europe could make a crucial difference. Albania bears deep scars from its stark years of isolation. On the unimproved roads of Tirana, shabby horse-drawn carts outnumber cars. The aimless and unemployed throng the sidewalks.

clear. The country offers low-wage labor, a generally well-educated work force and natural resources that include oil, chromium and copper. But its economic shortcomings far outweigh these. The cash value of current foreign investments is less than \$40 million. There is no real domestic capital in Albania to finance conversion to a market economy. Nor is there anything that resembles a banking and financial system. Imports of industrial raw materials have all but dried up, provoking a wave of factory closures. The return of land to the peasants, who account for two-thirds of the work force, has increased farm yields, but Albania remains heavily dependent on emergency food aid.

Expectations for the Community's program for aiding Eastern Europe have spent \$400,000 to finance 50 business start-ups in Albania, and they will spend an additional \$1 million in coming months. The London-based European Bank for Reconstruction and Development has plans to finance new businesses. Albania's economic difficulties will not be resolved quickly. It is awakening from a long sleep to a bewilderingly different world. But a much greater effort is needed by the Western world.

His 'Oxford' Is Not the One I Knew

WASHINGTON — I attended Oxford University at the same time as Bill Clinton. Before you think that this is going to be one of those articles — you know, "The Clinton I Knew" — I should say that I never knew Bill Clinton, and that nobody I knew at Oxford knew Bill Clinton. But as the debates between George Bush, Ross Perot and Mr. Clinton approach, I am fascinated by the way President Bush has demonized Oxford, and used the time that Mr. Clinton spent there as a stick with which to beat the governor's campaign.



skills. The president keeps saying that he wasn't a member of the "Oxford Debating Society," as if the mere presence of Mr. Clinton in England gives him devilish powers of rhetoric. Put aside, if you can, the absurdity of Mr. Bush (Phillips, Andover and Yale) making this case. Whatever Mr. Clinton may have learned at Oxford, I bet he learned precious little about the German system of vocational training or the French commitment to infrastructure development — the two "Euro-inspired" elements of his policy. Oxford in the 1960s did not pay much attention to that sort of stuff.

generation was limited. Geography afores. It is old; it has quaint traditions; it is beautiful; it is stuffed with marvelous eccentricities beavering away at obscure areas of scholarship. And it has not done Britain much good. Oxford has long acted as a perverse role model for other universities, persuading them by its reputation to prize bookishness over links with industry and commerce.

But the "Oxford problem" — that of great universities out of touch with their societies — is not wholly British. I once asked Jesse White, of the Southern Growth Policy Board in Raleigh, North Carolina, why the economies of the North and South developed so differently. He offered one explanation I had never heard. In the North, he said, the great universities were in great cities — Boston, New York, Philadelphia. In the South they were not; they were in small college towns like Chapel Hill, North Carolina, or Oxford, Mississippi. In such dreamy places it was easy for academics to live clustered lives; the ability of the universities to contribute to economic re-

UN Trusteeship to Halt the Barbarism

WASHINGTON — Even at the height of a presidential campaign, it is hard to turn away from the agony of Somalia. The suffering is staggering. Hundreds of innocents are dying every day of entirely preventable causes: starvation and disease. Somalia's problem, however, is not lack of food. A huge international aid effort is finally in place. Now the rains have come and thousands are dying of hepatitis, measles, dysentery and tuberculosis. These are preventable killers, but relief workers say they are reluctant to ask for sophisticated medicines for the same reason they are wary of food shipments: When they get anything of value, they become the target of armed thugs.

ward countries until they were ready for self-government. Today, however, even to speak of advanced and backward societies is considered patronizing at best, racist at worst. You can anyone deny that Poland, for example, is politically backward with respect to Western Europe? The Poles are not racially different from the rest of the Europeans. Nor is there anything in their history or culture that makes them peculiarly incapable of self-government. They are backward because of an accident in history: They ended up behind Soviet Russia — that is, behind World War II.

Somalia needs similar treatment but far more bold. Somalia needs to be occupied. It needs an outside force to suppress the bandits, feed the people, provide medical care. The best way to do this is the old mandate system of the League of Nations under which a great power under international supervision is given quasi-colonial power over another people. A formal mandate would give legitimacy to justify its otherwise thoughtless task of pacification. Unfortunately, a mandatory system so reminiscent of colonialism will almost certainly not come to pass. We shall have to settle for second best: trusteeship by the UN itself.

Paris — The little kingdom of Serbia is in a state of complete confusion: crisis after crisis occurs in the Regency, the Ministry, and the Chamber. The result of all these crises is an extraordinary state of affairs, under which a Liberal Cabinet is forced to carry on the Government with a Chamber consisting of 15 Liberals and 119 Radicals. The Chamber has been dissolved, and the country is in utter disorder. The Mayors and Prefects refuse to obey the Ministers. Bands of brigands are prowling all over the country plundering villages under the pretence of politics.

1892: Chaos in Serbia

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1942: Limiting Chatter

WASHINGTON — [From our New York edition:] All long-distance telephone calls, beginning Nov. 1, will be subject to cutting off by operators if they are not in the interest of the war and public safety. The Board of War Communications announced today [Oct. 9]. Operators will have the right to listen in and clear the wires for calls of higher priority. Many long-distance conversations are social rather than vital and are delaying the war effort, it was said. Appeals have been made before to hold long-distance calls, and today's action indicates they were futile.

1917: Egypt's New Sultan

LONDON — Prince Ahmed Fudud succeeds Hussein Kamel, whose death was announced yesterday [Oct. 9], as Sultan of Egypt. The new Sultan is the youngest brother of the late ruler. He received most of his education in Italy and is known for his broad-minded ideas, which enables him to be safely predicted that he will follow in the footsteps of his predecessor whose loyal and steadfast policy did so much good in Egypt. Prince Ahmed Fudud has been consistently friendly toward Britain and has always lived on the most cordial terms with the British officials.

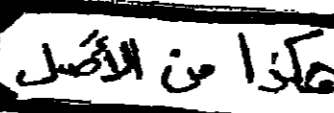
Can We Now Stop These Dictators?

WASHINGTON — We all know now. We know that Western businessmen, with the approval or connivance of Western governments, sold Saddam Hussein weapons, materials and techniques that empowered him to start the Gulf War and move to within a few years of becoming a nuclear weapon power. A scandal, terrible. We are upset. We urge investigations. That's nice. But another scandal is being acted out now that is as important militarily, politically and morally, if you will excuse the word. Other Third World dictators are copying Saddam, are being armed with foreign missiles, chemicals and, of course, nuclear weapon potential.

1. Iran is deep in remilitarization — a coordinated buildup of conventional forces, plus chemical and biological missile systems and a clean thrust toward nuclear weapon power. 2. About 10 potential nuclear weapons facilities have been identified. 3. Equipment and technology have come from around the world. In the East, from China, India, North Korea. In the West, Iran relies on successful Iraqi technique. That is the purchase of "dual use" material and techniques supposed to be for peaceful use only. Iraq adapted them quickly toward weapon-producing, of course; big surprise. 4. In the United States, 60 percent of all Iranian license applications from 1987 to 1990 were for "dual use" nuclear items. The Commerce Department reviewed 436 "nuclear-relevant" applications and approved 306, market value \$172,094,839 — not the biggest supplier, just part of the world bazaar. 5. With no export control system and wide corruption, Moscow is becoming a major nuclear shopping center for Iran. 6. Tehran also pokes around nations in the former Soviet Union to see what is on the shelf, such as a nuclear bomb or two. 7. Iran is determined to create its own independent nuclear capacity. 8. Given the growing technological sophistication in Iran and its industrial drive, it is unlikely its nuclear weapons program can be stopped. 9. If there is a chance to brake nuclear proliferation it is not through inspections, which did not manage to spot past Iraqi or Iranian violations. The only hope is enforcing national and international sanctions against supplier companies and countries, and bringing strong international pressure against Iran's rogue suppliers, China and North Korea. What is Washington doing? 1. Many members of Congress, of both parties, liberal and conservative, have fought for years to give U.S. law more sanction power. 2. Each attempt involved wrangling with the White House. Supporters of strong sanctions, in both parties, say the Bush administration puts the proliferation issue on the back burner. Also, countries or businesses peddling nuclear supplies tend to have sanctions, a lot. 3. Tuesday, the effort in the House of Representatives, pushed once more by Representative Howard Wolpe of Michigan, came up again. It died in legislative deadlock. 4. Then Thursday, as the congressional session was about to adjourn until next year, Senators Claiborne Pell, John Glenn and Jesse Helms tried to get action in the Senate. The administration managed to get the necessary one senator to withhold unanimous consent. One Republican, an anonymous under the Senate's peculiar rules, blocked it. Maybe during the debates, somebody will ask these questions about arming the dictators: Did we learn anything at all, and if so, what? The New York Times.

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Can We Stop The Dictator

The British Won't Be Bullied, Major Vows

By William E. Schmidt

LONDON — Following a week sharp divisions and bitter warring, Prime Minister John Major...

As the party's annual conference opened in Brighton, Mr. Major had a last word on his critics, blending appeals to British nationalism...

Supporters argued that despite continuing protests of critics, Mr. Major had bettered his chance that Parliament would ratify the treaty on European Union...

His remarks were a sharp rebuttal to skeptics, including Margaret Thatcher, the former prime minister...

Mr. Major ridiculed critics of European union as "Don Quixotes: fighting imaginary battles, tilting at windmills in the belief they are giants, seeing things that are not there."

By one measure, Mr. Major appeared to have won: Lady Thatcher earned a 2½-minute standing ovation on Thursday...

DANES: Looking for Alternatives

(Continued from page 1) which have been worked out up to now by the Community's institutions in Brussels.

"If you read the options they have put out there you see that minds in Denmark are moving in the same way as ours," Foreign Secretary Douglas Hurd of Britain said.

In Germany, the legislature gave a preliminary vote of approval to the treaty on Thursday at the opening of a debate on ratification.

Later, but not in time for Friday's meeting in Birmingham, the Danish government would tell the other European Community members how Denmark proposed to proceed.

The treaty, signed in December in Maastricht, Netherlands, provides that countries that meet strict economic criteria can form a common currency as early as 1997.

Some think that monetary union will remain a dead issue even if all 12 countries ratify the treaty, as they must before it can go into effect.

Prime Minister John Major, who pulled the British pound out of the European monetary system...

Finally, the paper suggested that the treaty would take force "while at the same time its implementation in practice is adapted to changed conditions and new currents in the European picture."

Either by amending the text or by making a declaration accompanying it, member states could solve these problems, the paper said, and "allay people's anxiety about a decision-making process controlled by a small elite over the heads of the people."

The Danes voted, 50.7 percent to 49.3 percent, against the Maastricht treaty in a June 2 referendum.

In France, voters narrowly approved the treaty, 51 percent to 49 percent.

BRANDT: Author of Germany's Ostpolitik Dies at 78

(Continued from page 1) peace policy, and its effect was to close the books on Germany's role as an international pariah.

From the beginning of World War II, Mr. Brandt had been animated by the belief that Germany's future lay in a united Europe.

Mr. Brandt had overcome enormous adversities throughout his life: his birth was illegitimate and he was a political exile in Norway in the Nazi era, until his return to Germany in 1948.

Willy Brandt was born Herbert Ernst Karl Frahm, on Dec. 18, 1913, the son of Martha Frahm, a young shopgirl in Lübeck.

He grew up largely in the care of a neighboring woman until his grandfather, who was passionately committed to the Social Democratic Party, gave the boy his first political lessons.

During World War II, he declared: "The international balance of power will have changed essentially. None of the truly European states will be counted among the leading great powers. Germany will play the role of a second-rate power."

Mr. Brandt published the teenager's first articles and arranged that he join the Social Democratic Party in 1930, while still a year under the minimum age.

But the young man soon became disgusted with the compromise politics of the party, especially with regard to the growing Nazi menace, and in the autumn of 1931, he joined a radical splinter group called the Socialist Workers Party.

When Hitler seized power in January 1933, the youth went underground, taking the nom de guerre Willy Brandt.

Already on the Gestapo wanted lists, he escaped to Denmark in a fishing boat in April 1933. His assignment: to establish an office of the Socialist Workers in Norway.

At the outbreak of World War II, Mr. Brandt began writing the first of more than a dozen books, "War Aims of the Great Powers." On the eve of its scheduled publication, in April 1940, the Wehrmacht attacked Norway, and he fled into the mountains, leaving behind his pregnant sweetheart, Carola Thorkildsen, with whom he escaped to Sweden and later married.

Back in Germany after the war, he had only won acceptance for a fiery speech denouncing the Communist takeover in Czechoslovakia that spring, saying: "To socialize the plumbings and the barber shops, they establish the proletarian dictatorship and Red terror. Old Marx would turn in his grave if he knew what bald foolishness one created in his name."

Mr. Brandt did not make a broader political impact until November 1956 when, after better-known figures had failed, he succeeded in nursing back a mob bent on storming into East Berlin to protest the crushing of the Hungarian uprising by Soviet tanks.

He accomplished this by leading the singing of the "Good Comrade" song.

Mr. Brandt was elected mayor of West Berlin in September 1957, and the post provided a springboard.

In 1958, the threat of the Soviet leader, Nikita S. Khrushchev, to "free" West Berlin within six months elevated Mr. Brandt to international renown. He traveled tirelessly abroad in behalf of the beleaguered city.

The Khrushchev threat dissolved into a round of East-West diplomacy that lasted almost two years.

In 1961, the Soviet Union and East Germany began a new offensive against West Berlin to curb the flight of East German refugees, which had reached 3 million. The night of Aug. 12-13 they began raising barriers along the 45-kilometer (28-mile) border between East and West Berlin.

Meeting no resistance from the three Western powers — the United States, Britain and France — the Communists soon expanded the barriers into a wall. Mr. Brandt was indignant, and he briefly drew the wrath of President John F. Kennedy for suggesting strong countermeasures. But he was helpless.

Mr. Brandt first elected chairman of the Social Democrats in 1963, was overwhelmingly re-elected in November 1975, but he soon became little more than a figurehead when the party dissolved into four factions and sometimes five. He held the post until 1987, when he resigned over his attempts to elevate a Greek woman who was a family friend to the post of party spokeswoman.

In 1976, he was also elected chairman of the Socialist International, the Social Democrats' umbrella organization, a post he resigned on Sept. 14, 1992, while under treatment in a Bonn hospital for his final illness.

Protestant Slaying in Belfast

BELFAST — Protestant gunmen killed a fellow Protestant as he worked by an East Belfast roadside on Friday, the police said.

UN Rejects Iraqi Appeal

The United Nations has refused an Iraqi request to postpone the scheduled arrival next week of a large team of weapons inspectors.



Willy Brandt, who died at 78.

IRAQ: American Held

(Continued from page 1) provocation from the Iraqi leader, Saddam Hussein, to take tough action.

The border area where Mr. Hall worked, clearing some of the more than 500,000 Iraqi mines and tons of unexploded munitions, has become increasingly volatile after Iraq's rejection in May of the demarcation line drawn by a United Nations team.

The southern parts of Umm Qsar, including some of the docks that made it the main Iraqi Navy base and its only commercial port after the Iran-Iraq War, were allowed to spread into Kuwait territory in the years before August 1990, when Iraqi troops seized the rest of the country.

The Iraqis were forcibly evicted in February 1991, but the wharves in southern Umm Qsar remain under Iraqi control, including police officers and customs inspectors.

An Irish officer, Patrick J. Hayes, standing in a guard tower on what was once an Iraqi Hovercraft base, pointed toward the loading cranes along the Umm Qsar docks when asked where the border was.

UN border officials are expected to finish laying concrete pillars every two kilometers along the length of the 200-kilometer Iraq-Kuwait border in December.

Many Western diplomats wonder if the work of the UN Iraq-Kuwait Border Demarcation Commission will only insure a future clash between the two neighbors.

Iraq officials, who meekly accepted the commission's work immediately after the war, have grown increasingly defiant as they see themselves being pushed back from territory they now control by UN cartographers.

UN Rejects Iraqi Appeal

The United Nations has refused an Iraqi request to postpone the scheduled arrival next week of a large team of weapons inspectors.

Last Thoughts From Brandt: 'Germans, Accept Sacrifice'

Washington Post Service

BERLIN — Willy Brandt, the West German leader who helped his country regain some of its lost honor by reaching out to former enemies and victims, died only after leaving his reunited nation with a frank warning about its future.

Several leaders of Mr. Brandt's Mr. Social Democratic Party called on Germans to take to heart his prediction that German unification will take longer than expected, but will nonetheless eventually strengthen the country.

Interviewed by The Washington Post several months before his death, Mr. Brandt said that he and most other German politicians originally believed that Eastern Germans could be integrated into the reunited country far more simply than has turned out to be the case.

Western Germans, he said, must be more flexible while Eastern Germans need to cast off the yoke they bear from decades of believing that they got stuck with "the greater part of the burden of Germany's division," Mr. Brandt said.

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Oct. 9, 1992

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TAIWAN

NEW BLUEPRINT FOR DEVELOPMENT

Next Great Leap: Realigned Economy

Taiwan's foreign-exchange reserves, the world's largest, leapt to \$88 billion at the end of July this year, boosting expectations that the nation would continue to be a key source of investment capital in the Asian region.

To some extent, the Republic of China on Taiwan remains one of the region's most energetic investment donors. Its total investments overseas amounted to \$12.4 billion from 1986 to 1990, with well over \$3 billion poured into mainland China alone; Taiwan's private investors and its \$1.2 billion International Economic Cooperation and Development Fund are now targeting Vietnam, Indonesia and the Philippines as priority locations for new manufacturing investment and aid loans.

A corresponding marked drop in the island republic's overseas investment, however, has prompted analysts to take a new, searching look at Taiwan's own priorities: The nation approaches the 21st century with loaded coffers and remarkable success as a low-cost export-manufacturing center, but its regional and global influence still carry no diplomatic clout.

Analysts are pinpointing two significant trends that reflect where the bulk of Taiwan's investment interest will lie in the coming years. The initial wave of Taiwanese investment — billions of dollars committed between 1989 and 1991 to cheaper offshore manufacturing sites in Asia, including China — is slowing down. The current move to expand investment and loans in Vietnam, Indonesia and the Philippines simply takes advantage of the last really attractive low-cost opportunities in this immediate region.

At the same time, a plunge in the nation's overall

Taiwan: Asian financial capital by 1996?

global investment — which fell by 62.5 percent, to \$281 million, in the first quarter of 1992 — is largely seen as a move to conserve capital for the republic's next phase of development. Taiwan has embarked upon an ambitious, six-year program aimed at massive infrastructural devel-



A new, searching look at priorities: Can Taiwan balance its twin goals of huge infrastructural development with continued industrial and technological growth?

opment and the upgrading of its export economy to high-tech production; these moves are designed to maintain economic growth — expected to climb back to 7 percent this year — and underpin Taiwan's international status in the next century.

The \$303 billion National Development Plan covers 775 projects ranging from new highways, railway and rapid-transit systems, power stations, sewage facilities and hospitals to tourism and recreational amenities.

Meanwhile, the vigor of the campaign to shift the base of the island's economy from labor-intensive manufacturing to high-tech production and research can be seen in the current highly publicized forays into aerospace development.

Over the past year, Taiwan Aerospace Corp., 29-percent government-owned, has put up a \$2 billion offer to buy 40 percent of McDonnell Douglas's struggling commercial aircraft unit. More recently, Taiwan Aerospace Corp., which has never built an aircraft of its own, offered British Aerospace \$200 million for a 50-50 joint venture to build the new BAe 146 "whisper jet." It has also signed an agreement with Singapore Aerospace to set up a maintenance center in Taipei for smaller passenger aircraft.

In another \$48 million government-funded project, Boeing Co. has been enlisted to help build a quality-assurance laboratory to test aircraft components — yet another step in what the Taipei government hails as a \$6 billion scheme to make Taiwan a leading aerospace manufacturing center by the turn of the century.

On the financial front, Taiwan aims to rival Hong Kong and Singapore as a banking and financial-services center by as early as 1996, although analysts say it would take more like 10 years to achieve this. Nevertheless, Taiwan has significantly overhauled banking and financial regulations, relaxing controls on capital flow into the republic, establishing a small interbank foreign-exchange market, allowing foreign banks to take savings deposits and opening up the stock market to foreign participation. In the latest move, an additional 30 foreign banking licenses have been issued, raising the number to 85.

With such an expensive and far-reaching domestic development agenda, it is no wonder that Taiwan's overseas investment has fallen so dramatically. Government officials cite the Western recession as being partly to blame, but there is little doubt that concern for the vast outlay of capital that is needed at home is going to curb

outside investment, or at least make it more selective, in the years to come.

Indeed, since the National Development Plan was first unveiled, government officials and economists have been warning that, even with \$88 billion in the chest, there may not be enough money to go around.

What began as a national goal has now become a "national guideline," with some of the projects in doubt and industrialists warning that the country cannot have things both ways — huge infrastructural development on the one hand and industrial and technological growth on the other.

The opinion of some economists is that Taiwan will need investment from overseas to complete the plan without creating a substantial government debt. In fact, the plan includes contracts worth between \$50 billion and \$70 billion, which will be open to foreign bidders.

All this has become apparent, however, at a time when foreign investment into Taiwan has also taken a nosedive — down 32 percent, to \$764 million, in the first seven months of this year, compared with the same period in 1991. The global economic downturn, Taiwan's rising inflation and appreciation of the Taiwan dollar have been given as the chief reasons for the drop; if it continues, the downturn could deal a body blow to the key strategy of the republic's new industrial revolution — technology transfer.

The government has responded by throwing open more of the economy to foreign participation. It has announced plans to reduce the "negative list" of 283 industries and service sectors from which foreign investment has been banned for the past 38 years. These include banking and insurance, some public utilities and publishing.

In a bid to stimulate new investment, the Government Information Office has been reminding foreign companies that "Taiwan offers highly trained technicians, a strong industrial base with many support industries and a well-developed infrastructure."

The GIO also points out that foreign investors can maintain 100-percent ownership of their enterprises and

Economy shifts to high-tech production

are guaranteed for 20 years against "government expropriation requisition."

The investment bureaucracy has been relaxed as well. The Investment Commission is now able to process foreign-investment applications of less than \$4 million for nonpolluting industries in 10 days instead of 30 days. Amid warnings that the National Development Plan could take up to 15 years to complete rather than the six years envisioned at the moment, some officials and business leaders have urged that there be no project delays or postponements that could hurt foreign companies.

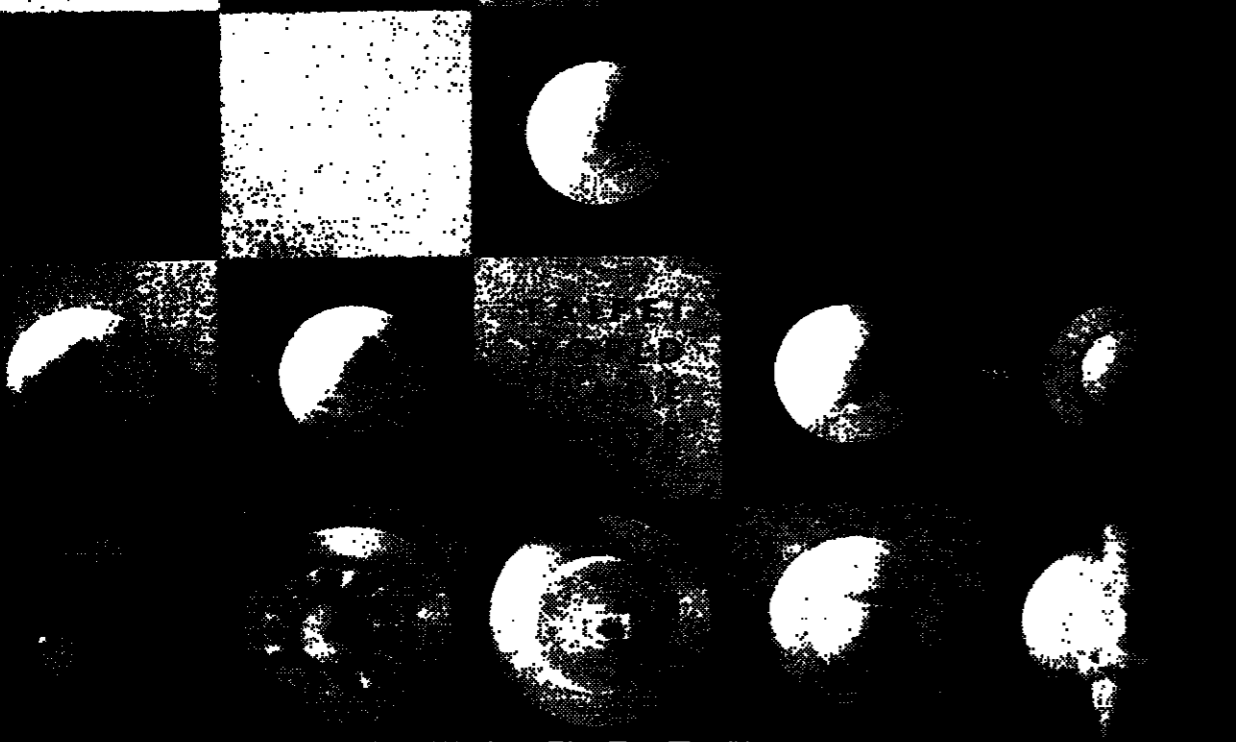
Taiwan has a lot at stake in this ambitious plan. The republic is counting on it to maintain a 7-percent growth rate through 1996 and to raise its per-capita income from its present \$8,800 — the fourth-highest in Asia — to \$14,000.

Some observers believe that Taiwan can accomplish its domestic goals and continue to hold its position as the world's seventh-largest exporter of capital.

"Our businessmen are awash with funds and will continue to invest abroad aggressively," a central bank official says. Others, however, expect investment overseas to be far more prudent, selective and strictly targeted in the future.

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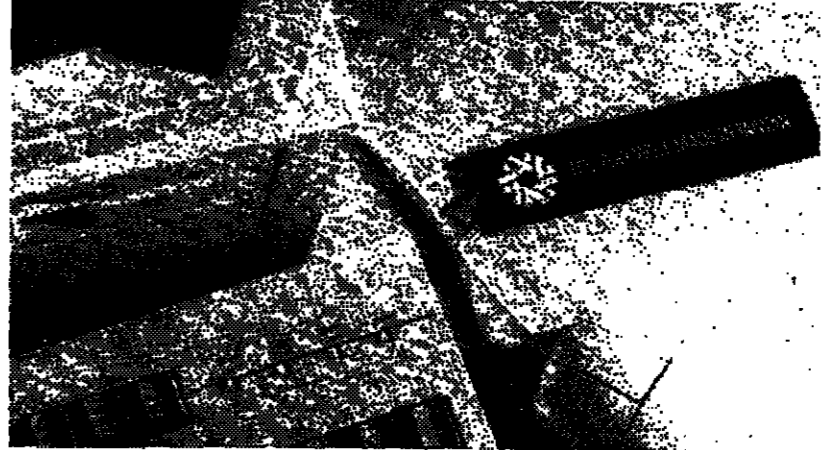
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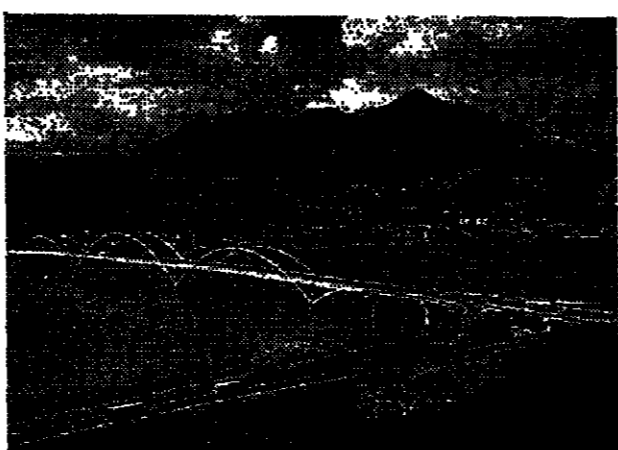
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Upsurge in Leisure And Business Travel

The sharp appreciation of the Taiwan dollar has come as a bonus for many Taiwanese travelers this year.

About 2 million Taiwan residents flooded overseas destinations in the first six months of this year, and their total spending jumped 34 percent, to \$3.52 billion. The Bureau of Tourism expects this number to double by the end of the year and expenditure to reach \$6.5 billion to \$7 billion, compared with \$5 billion in 1990 and a mere \$1.8 billion in 1986.

Although the government attributes the new surge to the Taiwan dollar's rise in value, overseas travel has been increasing dramatically since the island republic took steps to end its "Fortress Taiwan" image in the late 1980s, allowing virtually unrestricted foreign travel for all Taiwanese, notably to mainland China, and easing foreign-exchange controls.



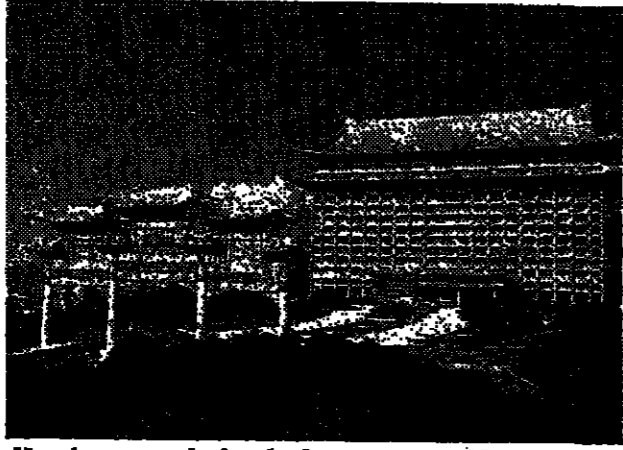
Taiwan's capital: a bridge across cultures.

the Taiwanese tourist has changed from that of the first-time package-tour traveler to the fairly seasoned globe-trotter. "A few years ago, many people used to travel abroad once a year," says a Bureau of Tourism official. "Now, many people go abroad twice or three times a year."

The latest statistics do not distinguish between tourists and business travelers, but business travel to and from China is believed to account for a big percentage of the total. Since the 40-year-old ban on travel to the mainland was lifted, allowing family reunions and then business "reconnaissance" trips, it is estimated that the Taiwanese have spent up to \$7 billion on the mainland.

The Taiwanese are now seasoned globe-trotters

for trade and investment opportunities. With Taiwan strategically situated between Southeast and East Asia, roughly halfway between Singapore and Japan, domestic business travel and tourism development is one of the sectors high on the agenda of the National Development Plan.



Hotels are ready for the business-travel boom.

'A Symbol of Excellence' and Other Strategies

Chalking up the world's second-biggest trade surplus — \$5.26 billion — in the first half of 1992, Taiwan remains one of the world's most aggressive export economies.

Despite the robust trade figures posted in the first six months of 1992, Taiwan's June monthly surplus showed the writing on the wall: It plunged 69 percent, to \$530 million, compared with the same month in 1991. By September, figures for the first eight months of this year pointed to a 17-percent drop from the same period in 1991, even though exports had inched up nearly 10 percent and there had

in its six-year National Development Plan. Meanwhile, business with the special economic zone of Xiamen, Taiwan's key trade and investment center in China, has burgeoned to the point where

direct cargo and passenger shipping services are being proposed — a development that could supersede Hong Kong's role as entrepot.

The government is also urging investors to move into Mexico and Eastern Europe to build manufacturing beachheads in North America and Europe. China remains its

key opportunity for the future, however, and Economics Minister Vincent Siew envisions Taipei's domination of a Chinese Economic Community, including Hong Kong and Macao, with a combined gross national product of \$280 billion and the potential of becoming an "industrial zone second to none."

Taiwan: exporting more, earning less

been a 16.9-percent increase in Taiwan's surplus with the United States.

Trade officials and industrialists blamed much of the slump on the strong appreciation of the Taiwan dollar, which is expected to maintain its record high of 24 to 24.5 Taiwan dollars to \$1 through the end of this year. As the January-August figures indicated, Taiwan was exporting more products but earning less — a trend that is alarming business leaders. "The appreciation of the Taiwan dollar is a serious threat to the profitability of many exporters," says Peter Hsu, chairman of the rubber and plastic-products exporter, the Formosa Rubber Group.

On another front, the China External Trade Development Council (CETRA) has announced an "Image Week" promotion in January next year at which a "Symbol of Excellence" will be awarded to top-quality export products chosen by a panel of international and local judges. The symbol, designed by a California consultancy, will be awarded in coming years as a seal of approval on what CETRA Secretary General Agustin Tingsu Liu terms "the most highly deserved quality products that are of world-class caliber." Mr. Liu says that "real Taiwan product quality and a perceived global reputation for production quality are the true twin engines of our future economic potential."

Product quality is engine of growth

worries at the moment, most notably its chronic deficit with Japan, which is expected to rise to \$11 billion this year. Its trade strategy remains aggressive, however, and economists believe that it can maintain export growth while it conducts its new industrial revolution.

Two-way trade with mainland China continues to boom. It increased from \$4 billion in 1990 to \$5.8 billion last year and shot up another 34 percent, to \$3.4 billion, in the first half of 1992. Trade officials expect it to reach \$7 billion by the end of this year, while economists predict it will reach \$8 billion. Board of Foreign Trade officials attribute the leap to a surge of investment in China, and this rush to establish primarily manufacturing industries on the mainland has begun to alarm the government.

Although still running at about 19 percent of Taiwan's overall trade, business with China — conducted indirectly through Hong Kong — has grown so big that the government is trying to curb further major investment there. Taipei is not only worried that the economy is becoming too dependent on the mainland, but it also wants investment capital retained for domestic use

Meeting the Challenge of a New World Order: the Republic of China at Eighty-one

October 10, or Double Tenth National Day, commemorates the Wuchang uprising of 1911 which led to the establishment of the first republic in Asia. Now in its eighty-first year, the Republic of China has come a long way. Considered an economic backwater a few decades ago, it is today one of the four newly-industrialized countries in the Asia-Pacific region. In the next few years, Taiwan will apply the experience gained in nation-building to a number of ambitious plans, which include accelerating national development and democratization; improving relations with mainland China; and playing a greater role in the international community.

This year the ROC government will spend millions of dollars to improve the quality of life on the island. The Six-Year National Development Plan, a comprehensive blueprint for economic development, is currently being implemented. New freeways, high-speed railways, urban mass transit systems, housing, recreational facilities, pollution control, and a host of other public works projects are in various stages of planning and construction.

Nineteen ninety-two is the year of constitutional reform for the ROC. The democratically elected National Assembly has been entrusted with the responsibility of amending the constitution. In May, the assembly successfully completed the second phase of the reform process, approving eight reform measures.

Improving relations with the mainland is also a key issue on the agenda. Taiwan is working for the reunification of China. The ROC's position is summed up in the Guidelines for National Unification, which was adopted by the government last year. According to the guidelines, unification is dependent upon the mainland developing its economy, pursuing political democratization, and reducing hostilities directed at Taiwan. Only after these conditions are met can a democratic, free, and equitably prosperous China emerge. For the short-term, the government encourages people-to-people contact across the Straits.

ven though Taiwan belongs to only a few world organizations, it has been, and will always be, a responsible member of the international community. The Republic of China has worked to reduce tariffs and trade imbalances, and to internationalize its economy. Taiwan is also ready and willing to help the developing nations of the world. An International Economic Cooperation Development Fund of US\$1.2 billion has been set up and more than forty technical assistance teams have been sent to various parts of the world.

Taiwan is entering a new era of global involvement and domestic growth. Double Tenth National Day is a time for the citizens of the Republic of China to celebrate their accomplishments and to look toward an even brighter and more prosperous future.

The travel infrastructure is being radically upgraded, with a \$1 billion plan to double the capacity of Chiang Kai Shek International Airport and relocate the crowded Kaohsiung airport in the south.

Declaring that Taiwan aims to become one of Asia's major air transshipment centers in the next few years, Communications Minister Eugene Chien has pointed to negotiations to increase the number of foreign cities served by Taiwanese airlines from 24 to 45.

In Taipei, a \$1.5 billion, 41-kilometer (25-mile) rapid-transit system is planned to link the international airport with the downtown domestic Sungshan Airport terminal. This system will in turn be integrated into a new city-wide subway, one of seven urban networks proposed across the island. Interisland travel will be improved by two major transportation projects — a network of new highways and a \$13.5 billion, 354-kilometer high-speed rail link between Taipei and Kaohsiung, running down the industrialized eastern seaboard. The railway, scheduled to be in operation by 1998, will cut the travel time between the two cities from more than

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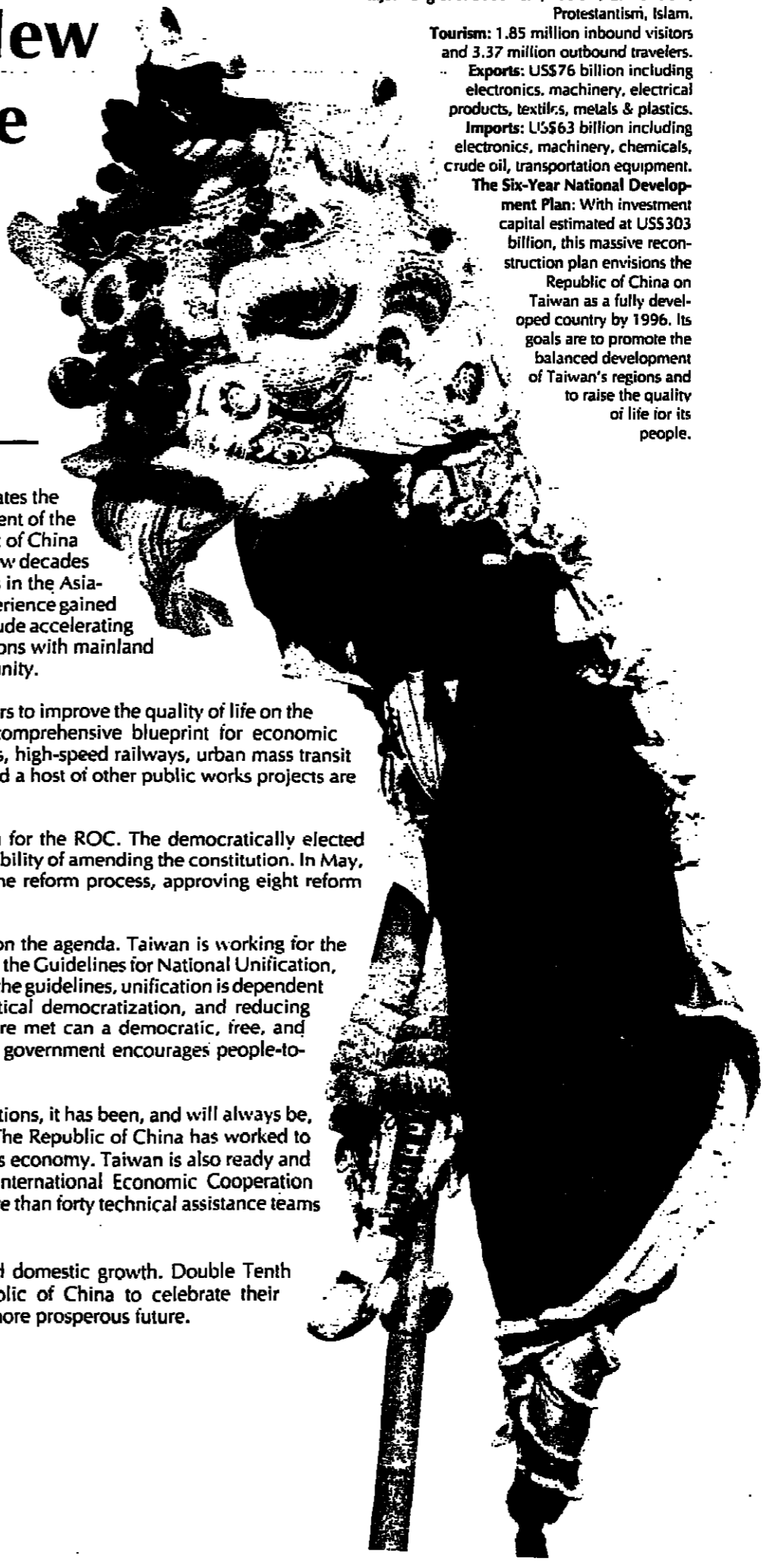
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TAIWAN TODAY
Population: 20.5 million
GNP: US\$180 billion
Literacy rate: 93 percent
Major religions: Buddhism, Taoism, Catholicism, Protestantism, Islam.

Tourism: 1.85 million inbound visitors and 3.37 million outbound travelers.
Exports: US\$76 billion including electronics, machinery, electrical products, textiles, metals & plastics.
Imports: US\$63 billion including electronics, machinery, chemicals, crude oil, transportation equipment.

The Six-Year National Development Plan: With investment capital estimated at US\$303 billion, this massive reconstruction plan envisions the Republic of China on Taiwan as a fully developed country by 1996. Its goals are to promote the balanced development of Taiwan's regions and to raise the quality of life for its people.



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Derek Walcott: History's Nostalgia

By James Atlas
New York Times Service

NEW YORK — In a time when poetry has revealed in its freedom, displaying unnumbered, unrhymed lines across the page, the formal properties of Derek Walcott's work are instantly visible to the eye.

To open his "Collected Poems" is to find oneself in the presence of a writer for whom English poetry is no oppressive burden, to be cast off like the colonial past of Walcott's native St. Lucia, but a vibrant tradition, to be plundered and recast in his own contemporary idiom.

Couplets and quatrains unfurl with a stately regularity, suffused with echoes of Shakespeare and Keats, T. S. Eliot and W. H. Auden.

"Art is history's nostalgia," Walcott writes in "Omeros," an epic-length modern "Odyssey" composed in terza rima.

In his work, the voice of his English precursors resonates, animated by his own people's voice, a rich Creole patois mimed in "The Schooner Flight": "I go draw and knot every line as tight/as ropes in this rigging, in simple speech . . ."

The son of a schoolteacher who died when Walcott was a year old, the poet was raised in a bookish atmosphere. "Our house had a wire-meshed library of great books," he recalled in a memoir of his youth, "principally a uniform edition of Dickens and Walter Scott and Sabini."

His teachers recited Swinburne by heart, inculcating in him the notion that poetry was "living speech." A quatrain spoken by one of his characters could serve as an ironic autobiography:

*I'm just a red nigger who love the sea,
I had a soul colonial education,
I have Dutch, nigger, and English in me,
And either I'm nobody, or I'm a nation*

Clearly, Walcott is the latter — a nation polyglot in the extreme. "With equal right," as Joseph Brodsky, his friend and fellow Nobel laureate, has noted, "Walcott could have said that he has in him Greek, Latin, Italian, German, Spanish, Russian, French: because of Homer, Lucretius, Ovid, Dante, Rilke, Machado, Lorca, Neruda, Akhmatova, Mandelstam, Pasternak, Bend Sinigaglia, Valéry, Apollinaire."

In part, his genius is his versatility — his recourse to what Brodsky calls "a genetic Beethoven." Yet however international Walcott's style, his language is quintessentially English.

More than any poet of his generation, he has absorbed our poetic canon — and absorbed and internalized it. Walcott, says the Irish poet Seamus Heaney, "possesses English more deeply and sonorously than most of the English themselves."

At times, he can sound derivative. "We swore to make drink/ and art our finishing school," he writes in the cadence of Yeats: "A white church spire whistles into space/ like a swordfish" borrows shamelessly from Robert Lowell.

In his earlier work, especially, Walcott's apprenticeship to his English masters has a slavish

feel to it; the elaborate, knotted rhetoric is too high-pitched, inflated for rhetoric's effort, as in these willed and ponderous lines from "The Fortunate Traveler":

*The heart of darkness is not Africa
The heart of darkness is the core of fire
In the white center of the holocaust.*

But at his best — and there is little dross in Walcott's oeuvre — he achieves a sustained eloquence, an exhilarating amplitude; he's "a man immersed in words," the poet James Dickey has written, "not afraid of them, but excited and confirmed by what he can cause them to do."

In awarding Derek Walcott the Nobel Prize, the Swedish academy singled out his "historical vision, the outcome of a multicultural commitment." Multicultural in the demographic and political sense: Walcott is black, his homeland a Caribbean island remote from the dominant "white" culture, he is a poet for whom exile — both geographic and personal — has been the informing fact of his life.

But his work vindicates T. S. Eliot's account of the way in which a poetic tradition evolves through the modification of works of art "by the new (the really new) work of art among them."

In Derek Walcott, we can discern the history of what is most enduring in our tradition, invigorated, as it has always been, by the voice of our most recent immigrants. Invigorated and made new.

MILAN FASHION



Two stunning shows: Ethnic dress by Giorgio Armani; bell-bottom bodysuit by Gianni Versace.

Which One Is Today's Woman?

By Suzy Menkes
International Herald Tribune

MILAN — It was a fashion face-off between heavenly bodies and earthly souls. On one side Gianni Versace's supermodels — heads and bosoms high, necklines and hems swooping low — striding out in dresses that slithered across the curves. In the other, Giorgio Armani's women — eyes down, discreet steps forward — enveloped in jackets over cumuli of fabric from neck to ankles.

Who was the winner in this clash of wills, styles and philosophy as Armani and Versace closed the Milan spring/summer shows?

Round one — for presentation — went to Versace for dramatic lighting, superb staging with a kaleidoscopic backdrop of slides, and a beautifully paced show — even if the content was just a dazzling rehash of few ideas.

Round two — for imagination — to Armani, whose shadow play of fabrics textured like dried grass, dark Indian prints, pale subtle colors and quirky East-meets-West styles expressed a fashion poetry.

Both designers had distinct and delicious color palettes: Versace's bright but not trash, with pure

white, lilac or primrose, and Provençal-style prints that were a fresh departure from his familiar style.

Armani opened the show with shades of his signature beige as subtly differentiated as beach pebbles. His prints had gone native but with great subtlety, mixing dark Indian paisleys with the palest Mogul patterns in blossom pink and almond green.

The two shows were so strong, yet so different, that the result has to be declared a tie. You take the water or the wine: the veil or the Wonder-Bra; or maybe both.

"It's for the same woman in different moods — and between Versace and Armani, Milan has ended on a high note," said Elin Salzman, fashion director of Bergdorf Goodman.

"They are very different designers," said Kalman Rottenstein of Bloomingdale's. "The Armani woman is subtle, quiet, understated. The Versace woman likes to be noted and is fun in spirit."

The two shows ran back to back with Versace first, causing Liz Tilber, editor-in-chief of Harper's Bazaar, to change in her limo from a studied black leather suit into a white Armani pantsuit. Other off-runway entertainments included Versace's seven-year-old niece Al-

legra demanding a front-row seat, and at the Armani show, the film stars Claudia Cardinale and Ornella Muti sitting bust to bust.

Versace's show was spectacular — even though it was based on just two silhouettes: bell-bottom pants updated from the 1970s by making them cling in stretch fabric to the hips and swing out at the calf; and simple mid-calf dresses with uplifting bodices, so that bosoms balanced like two scoops of ice-cream.

Variations on the themes included frilled layers of pattern and silk shirts knotted to reveal the ubiquitous bared midriff.

"If Paris is first next time, Armani and Versace had better follow on its heels, because we buyers aren't going to sit around for a week in Milan waiting for the big guns to go off," said Rutenstein, referring to the changing calendar of international fashion for next season. The dates will be announced on Oct. 19.

The fashion stories out of Milan were the fluid mid-calf dress, a strong revival for knits, and a continuing focus on Beatles and hippie inspirations, as well as on corsetry and transparency. Often simple, luxurious clothes that are Italy's strength were concealed under swags of love beads.

"When we get to the showroom, most of the nonsense has disappeared — the runway is entertaining," said Joan Kaner, fashion director of Neiman-Marcus. Andrea Jung, the store's executive vice president, said they had done "terrific business" with Missoni, Dolce & Gabbana, Krizia and Ferré.

The fashion crowd now moves on to weekend showings in London, which has to decide how to hold its place on the calendar.

The London fashion week, which opened Friday, contains 15 runway shows, backed up by an exhibition, the London Designer Show, at the Duke of York's barracks in the King's Road Chelsea.

England remains a seedbed of ideas, many of which are only absorbed into mainstream fashion after several seasons. For example, the back-to-the-Beatles looks dominating the Milan shows were first seen on London's streets and runways five years ago, although few of the small London designers have been able to make them into commercial money-spinners.

The London season will close Monday with the British Fashion Awards.

ACROSS

1 Anat. or chem.
4 Disconcert
8 Dweller in Salalah, e.g.
14 Unhurt
18 Pulitzer Prize poet Dugan
19 Jalopy
20 Room on board
21 Charles' silent actor
22 Historic vessel
24 Dieter's no-no
25 Clipping or tripping
26 Wound thread
27 Org. opposing the Brady bill
29 "The Moon," 1953 song
30 Item for some surgeons
31 In a vertical position: Naut.
32 Historic patron
35 Abnormal: Prefix
36 "facta est"
40 Weather satellite
41 Hotbed
42 Cover with
44 Unit of length
45 Skivvies' old cousins
47 Historic landfill: Oct. 12, 1492

DOWN

51 Alveoli
55 Guarded sticker
56 Heroine of "The Flying Dutchman"
57 Buffalo skater
59 Oop's homeland
62 Cartoonist
65 Prefix for physics
66 Rotate the camera
67 Historic explorer
73 Haggard's Ayesha
74 Unadorned
75 Roman-fluave
76 Seamen
78 Part of r.p.m.
79 Washstand items
81 Kin of peristyles
85 "— a Song Go . . ."
86 Classifies
88 Five-hundredth anniversary
92 Short lives?
93 Samovar
94 Walter and Uta
95 Adamson's pet
97 Nigerian city
99 Lupine look
100 Hudson

1492 Review By Richard Silvestri

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
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137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153

© New York Times, edited by Eugene Malachuk.

Solution to Puzzle of Oct. 3-4

ACROSS	DOWN
1. Anat. or chem. — Iodine	1. White of — Egg white
4. Disconcert — Frighten	2. Pirogues — Canoes
8. Dweller in Salalah, e.g. — Sultan	3. Knock — Cocked hat
14. Unhurt — Scatheless	4. Top — Small nail
18. Pulitzer Prize poet Dugan — Frost	5. Small nail — Swiss waterway
19. Jalopy — Coupe	6. Offend the nostrils — Not, Duncan; Shak.
20. Room on board — Cabin	7. Offend the nostrils — Not, Duncan; Shak.
21. Charles' silent actor — Chaplin	8. "— not, Duncan; Shak.
22. Historic vessel — Galleon	9. Part for a future it — Engine fittings
24. Dieter's no-no — No-nos	10. Humble — Not so nasty
25. Clipping or tripping — Scissors	11. Routed the — Pillow's quality
26. Wound thread — Suture	12. Routed the — Pillow's quality
27. Org. opposing the Brady bill — NRA	13. Routed the — Pillow's quality
29. "The Moon," 1953 song — "The Moon"	14. Pillow's quality — Gathering places
30. Item for some surgeons — Scalpel	15. Gathering places — Impediment
31. In a vertical position: Naut. — Mast	16. Impediment — Curious
32. Historic patron — St. Nicholas	17. Went snafu — Syria's President
35. Abnormal: Prefix — Ab-	18. Went snafu — Syria's President
36. "facta est" — Facta est	19. Syria's President — Assad
40. Weather satellite — Sat	20. Assad — Neutralizer
41. Hotbed — Greenhouse	21. Neutralizer — Sulphur
42. Cover with — Wrap	22. Sulphur — Chestnut-Cat's
44. Unit of length — Yard	23. Chestnut-Cat's — Leathers
45. Skivvies' old cousins — Undershorts	24. Leathers — Plaster-backing
47. Historic landfill: Oct. 12, 1492 — New World	25. Plaster-backing — Strips

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Tel: 06134-22278 or 06196-63330.
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Friday 09:30. Homegroup - Sunday at
Wednesday 19:30. Pastor M. Lurvey, member
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Eastern: Ancient to Tribal
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Friday, 16 October

Room 1 at 2:30 p.m., MODERN AND CONTEMPORARY
PAINTINGS, SCULPTURES. Bauchon, Cottare, Di Rosa, Escalant,
Fricz, Guillaumin, Lhote, Pascale, Pichot, Fignon, Souverain. Public
viewing at auctioneer's on Monday 12 and Tuesday 13 October: 10 a.m. -
1 p.m. and 2 p.m. - 6 p.m. In Dressing; Thursday 15 October: 11 a.m. to
6 p.m. Friday 16 October: 11 a.m. to 12 a.m. Catalogue on request from
auctioneer's: FF 20.00, FF 30.00 postage included. LOUDMER, 7, rue
Rossini, 75009 Paris. Tel: (1) 44 79 50 50. Fax: (1) 44 79 50 51.

Sunday, 18 October

Room 8 at 2 p.m., EXCEPTIONAL GREAT WINES, white and red
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Rossini, 75009 Paris. Tel: (1) 47 70 38 89. Fax: (1) 45 23 01 46.

Room 5 at 2:15 p.m., CONTEMPORARY ART, PAINTINGS,
SCULPTURES. Catherine CHARBONNEAUX, 134, rue de Flandre,
Saint Honoré, 75008 Paris. Tel: (1) 43 59 66 56. Fax: (1) 42 56 32 57.

كلنا من الأصل

Some Good News for Buyers

LONDON — All the indications are that it will be a good season for those who buy art for pleasure. Prices are sagging and important works are tumbling onto the market.

Even areas that were virtually immune from speculation such as European ceramics from the late Middle Ages to the 18th century are oriented downward. Prices are increasingly close to the lower estimates, with more and more pieces failing to sell altogether.

Evidence of the downward trend was provided on Wednesday at the auction of the John Philip Kassebaum collection of early European

SOUREN MELIKIAN

pottery held at Sotheby's, Kassebaum, a New York lawyer, is described by those who have approached him as a connoisseur of the old school. A distinctive taste for vigor can be detected in the shapes and patterns. This generally stimulates buyers, particularly fellow collectors prompt to respond to a strong aesthetic profile. If it did this time, the effect was hard to measure.

There were quite a few surprising failures. Two early pieces carried such modest estimates that they seemed sure to sell. A late 14th- to early-15th-century jug with ovoid body and slightly everted neck covered in a motley green glaze down to the shoulder estimated to be worth \$300 to \$400 (about \$300 to \$600) remained unsold at \$260. More surprising, a beautifully shaped jug of the 14th century with a rusty brown glaze was stranded at \$650. The \$800 to \$1,200 estimate given by the expert Peter Arney was not unduly ambitious — on July 16, 1991, a similar piece rose to \$2,420 at Sotheby's.

MISHAPS of this kind affected the later periods as well. A pretty English plate decorated around 1740 with a blue and white minerva pattern was bought in at \$280. Arney, not unreasonably, thought it would go for \$400 to \$500. On Oct. 1, 1991, one that closely resembled it fetched \$258.

Failures were not confined to low-priced vessels. A beautiful Tuscan jar of the late 16th century with the arms of the Medici fell flat at \$2,800 — not far from low estimates at \$3,000. Higher up in the scale of rarity a superb and large jug of the early 15th century with the arms of Manfredi of Bologna didn't sell at \$9,500, against a \$12,000 to \$18,000 estimate. At intervals, cash was available for a few expensive objects, invariably of the most rarity even if not the most attractive.

For example an oval dish decorated in relief with a reclining Venus holding a naked infant, which was made in London and is dated 1674, went up to \$35,200. Spooky it may be. But, Arney said, there are perhaps 12 or 14 dishes of this type in the world. Another London dish of the late 1630s decorated with a snake slithering in the middle, two lizards and four frogs, all in relief against a ground of shells and leaves climbed to \$41,800. Apparently, only one other related dish is known.

A very large display pharmacy jar with the arms of the Worshipful Society of Apothecaries — a rare feature — and dated 1656 shot up to \$49,500. One other dated jar is mentioned.

FOR SALE

Monroe photographs: Photographs of Marilyn Monroe, including the classic nude one taken when she was a hungry Hollywood nobody, are expected to bring hundreds of pounds each at a London auction this weekend. The original print of a picture taken in 1949 when, as a struggling 23-year-old actress, she desperately needed the \$50 offered by the photographer Tom Kelley shows her lying sideways on a sofa, her face turned to the camera. It was later reproduced as a calendar that is a key item of the Monroe mythology. Bidding for the print is expected to start at \$1,500 (\$2,520) at the auctioneers Bonhams. The Knightsbridge auction will include portraits of Vivien Leigh, Clark Gable, Judy Garland, Ava Gardner, Marlon Brando and Charles Laughton.

Napoleonic items: Personal items of Emperor Napoleon I will be auctioned off this month in Munich, the Hermann Historical auction house said. Included in the sale are a camp bed used by Napoleon during his military excursions through most of Europe. The owner of the bed, who was not identified by name, expects to receive not less than 120,000 Deutsche marks (about \$86,000) for the folding iron construction. Also available at the Oct. 16-17 auction is a black felt hat worn by Napoleon, expected to bring at least 35,000 DM, the statement said. Napoleon is said to have owned 120 such hats during the 15 years of his reign.

Mr. Spock's ears: A pair of pointed rubber ears worn by the character Mr. Spock in the television series "Star Trek" were sold at a London charity auction on Thursday for \$700. The ears were donated by the actor Leonard Nimoy, who played Mr. Spock, from the planet Vulcan. The ears were auctioned in London to raise money for the city's boys' clubs.



From left, a Deruta jar from Umbria, circa 1530; 17th-century Tuscan Montelupo dish that was sold for £2,200, and a Rhineland silver-mounted glass jug that fetched £24,200.



Thyssen Museum

(Continued from page 1)

"It will fill many holes in our state collections," Tomás Llorens, the museum's chief curator, said.

Wooded by France, Britain, Germany and other governments that had heard he was ready to lead his collection, Baron Thyssen-Bornemisza has said he chose Spain because it offered the best conditions — and because his 49-year-old wife, a former Miss Spain whom he met 10 years ago, urged him to do so.

AT TIMES, though, it almost seemed as if Spain were indifferent to the idea. The Prado Museum's then director, Alfonso Pérez Sánchez, complained that he had been promised the Villahermosa Palace so that part of the collection stockpiled in the Prado could at last be seen by the public.

Some art critics also argued that Spain was paying too much — the \$45 million cost of renovating the palace and a \$5 million annual "rent" — for the collection. Now, however, this controversy has abated. "I don't think everyone understood just what we were getting," Mr. Llorens said. "You know, a temporary exhibition lasting just three months can cost \$3 million."

The collection was begun by the baron's German father, also Heinrich, who in the 1920s and 1930s turned a significant inheritance into a huge Rotterdam-based empire involving shipyards, mines and docks. He moved the collection, which at the time comprised mainly Old Masters, to Switzerland before the outbreak of World War II. After his death in 1947, a Swiss court ordered its distribution among his four Dutch-born children. The young Heinrich, who is now a Swiss national, then spent years buying paintings back from his siblings. He enormously enriched the collection by adding 19th- and 20th-century masterpieces.

Now displayed in chronological order in 48 rooms covering three floors of the Villahermosa Palace here, the collection provides an extraordinary overview of European and American painting, starting with Italian Primitives and Medieval Art and ending with Surrealism and Pop Art.

In between, every great European Master from Hans Holbein, Carpaccio, Caravaggio and El Greco to Rubens, Velázquez, Rembrandt, Canaletto and Goya is represented, while Renoir, Monet, Degas, Manet, van Gogh, Toulouse-Lautrec, Cézanne and Gauguin are among those speaking for the Impressionists.

Particularly unusual is the collection of 19th-century American works, with painters like John Singleton Copley, Charles Wilson

Peale, Winslow Homer, George Inness and John Sargent.

The final section on the main floor illustrates the development of painting throughout the 20th century, with Kandinsky, Grosz, Munch, Mondrian, Braque, Picasso, Chagall, Hopper, Gris, Pollock, Wyeth, Hockney and Lichtenstein just some of the avant-garde artists whose works are on display.

Among private art collections, this is said to be surpassed in size and importance only by that inherited by Queen Elizabeth II. Baron Thyssen-Bornemisza has kept a few score paintings in his home and another 80 will soon hang in the Pedralbes Manse in Barcelona; but the rest can be seen here.

Under the agreement with Spain, a Thyssen-Bornemisza Collection Foundation was created, with the baron as president and the baroness as vice president. It was given \$90

A key question is whether Spain will get to keep the collection

million by the Spanish government to cover the cost of renovating the Villahermosa Palace and the "rent" for the collection. It will also supervise management of the museum.

The baron also wanted to retain the right to sell or exchange paintings in order to improve the collection. Under a separate accord, about 75 percent of paintings were defined as the "core" of the collection and cannot be changed, while the balance can be altered by mutual agreement between the owner and the Spanish government.

SEVERAL key questions remain unanswered. Will the collection remain here beyond the initial nine and a half year contract period? If it does, will the loan agreement merely be extended? And if the collection becomes the property of Spain, how much will Spain pay for it?

"My desire is that the collection stay in Spain," the baron said this week. "We have over nine years ahead of us and I am confident it will stay here forever." But he recalled that the collection is owned by a trust in which his four children participate. "We'll have to persuade all of them that it should remain in Spain," he added.

His wife at least is determined this should be the case. "My dream — to see my husband's collection in Spain — has become a reality," she noted. "Now all that remains is to ensure it stays here forever and we will achieve that too."

ART EXHIBITIONS

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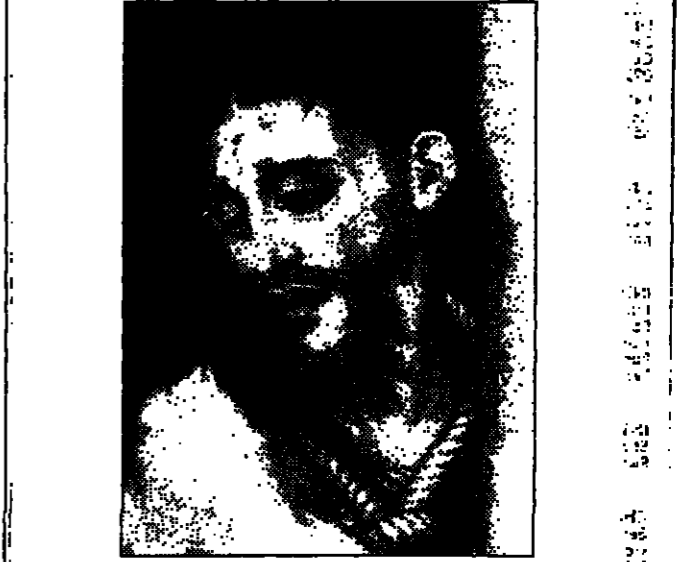
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Luis de Morales, entitled *Derwent*, c. 1510. Oil on panel, 51.5x49 cm. Estimate: 18,000,000-22,000,000 plus. (\$180,000-220,000)

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VIENNA

MAK AUSTRIAN MUSEUM OF APPLIED ARTS, Stubenring 5, 1010 Vienna, Austria, exhibition program: 9.9. - 26.10.1992 Heinz Frank, sculptures, 2.12. - 21.2.1993 Vito Acconci, sculptural installation, daily 10 a.m. - 6 p.m., Thursday 10 a.m. - 9 p.m. closed Monday.

NYSE

Friday's Closing
Tables include the closing prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div	Yld	PE	High	Low	PA	Chg
IBM				111.25	110.25	110.75	+0.50
Microsoft				68.75	67.50	68.00	+0.25
Apple				54.25	53.50	54.00	+0.25
Oracle				48.75	48.00	48.50	+0.25
Novell				38.75	38.00	38.50	+0.25
Intel				38.75	38.00	38.50	+0.25
Comcast				28.75	28.00	28.50	+0.25
WorldCom				28.75	28.00	28.50	+0.25
Verizon				28.75	28.00	28.50	+0.25
AT&T				28.75	28.00	28.50	+0.25
Qwest				28.75	28.00	28.50	+0.25
Sprint				28.75	28.00	28.50	+0.25
Time Warner				28.75	28.00	28.50	+0.25
Home Depot				28.75	28.00	28.50	+0.25
Walmart				28.75	28.00	28.50	+0.25
Target				28.75	28.00	28.50	+0.25
Kroger				28.75	28.00	28.50	+0.25
Walgreens				28.75	28.00	28.50	+0.25
CVS				28.75	28.00	28.50	+0.25
Costco				28.75	28.00	28.50	+0.25
Home Depot				28.75	28.00	28.50	+0.25
Walmart				28.75	28.00	28.50	+0.25
Target				28.75	28.00	28.50	+0.25
Kroger				28.75	28.00	28.50	+0.25
Walgreens				28.75	28.00	28.50	+0.25
CVS				28.75	28.00	28.50	+0.25
Costco				28.75	28.00	28.50	+0.25

Stock	Div	Yld	PE	High	Low	PA	Chg
Johnson & Johnson				58.75	58.00	58.50	+0.25
Pfizer				48.75	48.00	48.50	+0.25
Merck				38.75	38.00	38.50	+0.25
Abbott				28.75	28.00	28.50	+0.25
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
Roche				18.75	18.00	18.50	+0.25
Schering-Plough				28.75	28.00	28.50	+0.25
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
Roche				18.75	18.00	18.50	+0.25
Schering-Plough				28.75	28.00	28.50	+0.25
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
Roche				18.75	18.00	18.50	+0.25
Schering-Plough				28.75	28.00	28.50	+0.25

Stock	Div	Yld	PE	High	Low	PA	Chg
Exxon				48.75	48.00	48.50	+0.25
Shell				38.75	38.00	38.50	+0.25
BP				28.75	28.00	28.50	+0.25
Amoco				18.75	18.00	18.50	+0.25
Conoco				18.75	18.00	18.50	+0.25
Phillips 66				18.75	18.00	18.50	+0.25
Marathon				18.75	18.00	18.50	+0.25
Valero				18.75	18.00	18.50	+0.25
Exxon				48.75	48.00	48.50	+0.25
Shell				38.75	38.00	38.50	+0.25
BP				28.75	28.00	28.50	+0.25
Amoco				18.75	18.00	18.50	+0.25
Conoco				18.75	18.00	18.50	+0.25
Phillips 66				18.75	18.00	18.50	+0.25
Marathon				18.75	18.00	18.50	+0.25
Valero				18.75	18.00	18.50	+0.25

Stock	Div	Yld	PE	High	Low	PA	Chg
General Electric				38.75	38.00	38.50	+0.25
Westinghouse				28.75	28.00	28.50	+0.25
Lockheed Martin				48.75	48.00	48.50	+0.25
Boeing				38.75	38.00	38.50	+0.25
Raytheon				28.75	28.00	28.50	+0.25
Northrop Grumman				18.75	18.00	18.50	+0.25
Lockheed Martin				48.75	48.00	48.50	+0.25
Boeing				38.75	38.00	38.50	+0.25
Raytheon				28.75	28.00	28.50	+0.25
Northrop Grumman				18.75	18.00	18.50	+0.25

Stock	Div	Yld	PE	High	Low	PA	Chg
3M				48.75	48.00	48.50	+0.25
Eastman Chemical				38.75	38.00	38.50	+0.25
DuPont				28.75	28.00	28.50	+0.25
Eastman Chemical				38.75	38.00	38.50	+0.25
DuPont				28.75	28.00	28.50	+0.25

Stock	Div	Yld	PE	High	Low	PA	Chg
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
Roche				18.75	18.00	18.50	+0.25
Schering-Plough				28.75	28.00	28.50	+0.25
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
Roche				18.75	18.00	18.50	+0.25
Schering-Plough				28.75	28.00	28.50	+0.25

Stock	Div	Yld	PE	High	Low	PA	Chg
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
Roche				18.75	18.00	18.50	+0.25
Schering-Plough				28.75	28.00	28.50	+0.25
Amgen				18.75	18.00	18.50	+0.25
Novartis				28.75	28.00	28.50	+0.25
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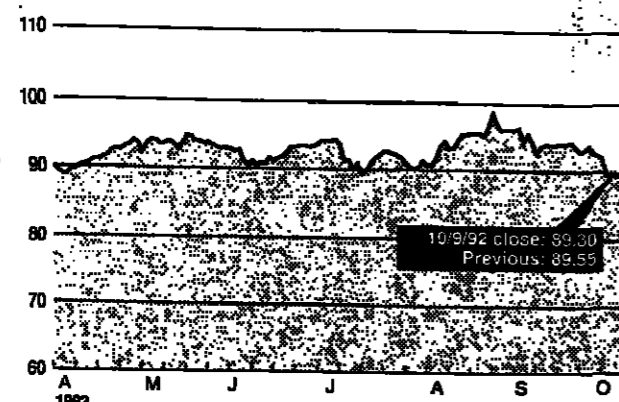
CURRENCY

(Continued on Page 15)

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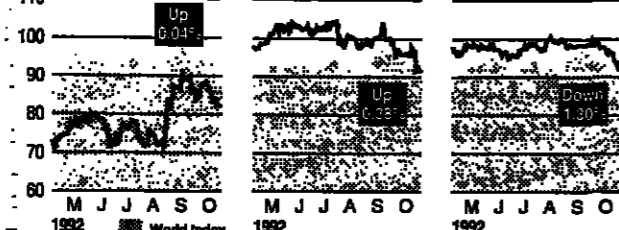
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Asia/Pacific	Europe	N. America
Approx. weighting: 25%	Approx. weighting: 40%	Approx. weighting: 35%
Close: 82.22 Prev.: 82.19	Close: 92.03 Prev.: 91.88	Close: 92.88 Prev.: 94.10



Industrial Sectors	Pct. change	Pct. change	Pct. change				
Energy	92.78	94.14	-1.43	Capital Goods	92.54	92.83	-0.31
Utilities	87.39	86.70	+0.80	Raw Materials	92.71	92.58	-0.29
Finance	80.80	80.70	+0.12	Consumer Goods	91.26	91.88	-0.67
Services	94.48	94.40	+0.08	Miscellaneous	94.74	94.30	+0.47

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

ECONOMIC SCENE

Deficit Spending May Get A Good Name Once Again

By Louis Uchitelle

NEW YORK — Slowly, with many misgivings, federal spending on public works is gaining a new respectability among economists, Wall Street traders and some corporate executives as a last-resort formula for generating jobs and ending the country's economic stagnation. In their view, other prescriptions have failed, and with unemployment remaining at 7.5 percent or more, they are concerned that the recovery may not take place without special help from the government.

The new converts are, in effect, putting aside years of opposition to increased public spending as unaffordable because it would add to the already huge federal budget deficit and drive up the inflation rate.

The position seems closer to that of Governor Bill Clinton, who has said that some government investment is needed to help the economy, than it is to that of President George Bush, who is counting on the economy to pick up without extra government spending.

The link between at least a temporary shot of more spending — on highways, transit systems, education and the like — and adding to the deficits has not changed. But an extensive range of interviews reveals a developing new attitude that says a rising deficit is a lesser evil until the weak economy can be revived — though those who have adopted it insist that the deficit be rechecked later.

"The basic view is that is emerging is, 'Don't just stand there, do something,'" said Richard B. Hoey, chief economist at Dreyfus Inc. He said he had opposed extra government spending because of the deficit but now believes, like many others, that because the economy is so weak the deficit can rise without pushing up the inflation rate.

Mr. Hoey said he was not certain that more public spending would produce the desired recovery. But particularly in view of the persistent unemployment, he said he came to the conclusion that it was worth a try.

Some, like Robert Giordano, chief economist at Goldman, Sachs, said they came painfully and reluctantly over the last few months to the position that the economy would not begin to grow again without government spending.

"People are missing the boat," Mr. Giordano said. "If I were a

See SPEND, Page 13

Loss Warning Slams Ford Stock

DEARBORN, Michigan — Ford Motor Co. stock tumbled nearly 8 percent on Friday after the company said losses could exceed into the fourth quarter.

The news, which also depressed shares of General Motors Corp. and Chrysler Corp., indicated that Ford's losses in Europe and weakness in the U.S. auto market were worse than analysts had been expecting.

"I have redressed my production estimates for both North America and Europe, and although it's still a good product mix, the level is not enough to support a profit in the fourth quarter," said Michael Bowyer, analyst with Duff & Phelps in Chicago. "But they won't be severely in the red."

Ford shares tumbled as low as \$34.375 in early trading before recovering slightly to close at \$34.75, down \$2.875. It was the most active New York Stock Exchange issue with 5.31 million shares traded.

General Motors fell 87.5 cents, to \$29.25, after hitting a new low for the year of \$28.875,

and Chrysler was down 50 cents, at \$22. In a filing late Thursday with the Securities and Exchange Commission to sell about \$1 billion worth of nonconvertible preferred stock, Ford confirmed it had lost money in the third quarter because of weak economies and vehicle sales in the United States and Europe, and said losses could continue into the fourth quarter. The automaker will report its third-quarter results late this month.

The third-quarter news came as no surprise. Analysts estimate Ford will post a loss of 15 to 40 cents a share, or as much as \$194 million, in the quarter, compared with a year-earlier loss of \$574 million, or \$1.02 a share.

Before Ford's filing, however, analysts had expected Ford to earn between 30 cents and 70 cents a share for the fourth quarter, or as much as \$340 million. Analysts were quick to revise those forecasts Friday.

Harvey Heinbach at Merrill Lynch & Co. lowered his fourth-quarter estimate to a loss of 13 cents a share from a profit of 27 cents a share. He also cut his 1992 estimate to a profit

of \$1.10 a share from \$1.50, and his 1993 estimate to \$2.50 from \$3.50.

Mr. Heinbach cited Ford's lower European business next year, plus more expenses for an accounting change for retiree health benefits.

Wendy Beale Needham of Smith Barney Harris Upham, who had been forecasting a net profit of about 27 cents, said she was now calling for a loss, but declined to specify her estimate. "Ford has been forecasting a return to profitability, excluding Jaguar, during the first half of next year. But my concerns are that Ford has a lot of inventory, and I expect more price cutting."

New Head for Europe

Ford said that L. Lindsey Halstead will retire as chairman of Ford of Europe on Jan. 1, to be succeeded by Jacques A. Nasser, Bloomberg Business News reported.

Mr. Nasser, 44, was president and chief executive officer of Ford Motor Co. of Australia. He immediately becomes chairman-elect of the board of Ford of Europe.

Honda Fix: Wrench in Free-Trade Gears

By Keith Bradsher
New York Times Service

ANNA, Ohio — In a factory here covering the area of 19 football fields, Honda is making engines with American and Japanese parts that will be put into Civics assembled in Canada.

Question: what nationality is the engine, and ultimately, the car?

The answer has bedeviled U.S. and Canadian officials for three years and is at the heart of a stinging battle that could bog down congressional approval of the North American Free Trade Agreement.

Under the rules of a 1988 trade agreement between the United States and Canada, the engines and cars were considered to be Japanese — at least by the U.S. Customs Service, which says that as a result Honda owes \$17 million in duties on cars that came across the border from Canada in 1989 and 1990.

But the new trade agreement, announced on Aug. 12, treats the cars as Canadian, free from import duties. And the Canadians successfully insisted that the treaty apply retroactively, which has yet to pay its Customs Service debt because of legal wrangling, will not have to do so.

The "Honda fix" has ruffled

Detroit, pitted U.S. government auditors against Canadian trade negotiators and given lawmakers from auto-producing states just one more reason to oppose the pact. Many already worry that it will encourage some auto assembly plants and auto parts factories to move to Mexico.

People close to the trade negotiations say the Honda provision was a concession the Americans were forced to make to get Canada to go along with the pact.

Canada had feared that the Customs audit, released last spring, would discourage Asian and European companies from building factories in Canada to supply the American market.

Earlier this year, Prime Minister Brian Mulroney of Canada complained that in pressing Honda to pay up, the United States was behaving like a "tin-pot dictator."

Canada is now appealing the audit results to a U.S.-Canadian panel created under the 1988 pact.

At the cavernous Honda factory in Anna — where robot drills twist and spin in their bright green and yellow metal safety cages while engines glide past — some workers suspect the audit was fixed and then highly publicized to please Detroit. The Bush administration vehemently denies this.

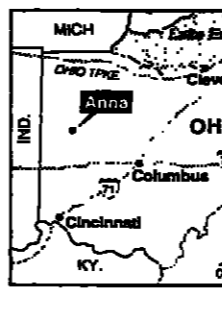
and polishing engine parts. Overall, the interpretations reduced the American and Canadian content of the Civic to 48 percent, from the figure of 69 percent asserted by Honda. To qualify for duty-free treatment, at least 50 percent of a car's value must be made in the two countries.

Part of the problem in the original audit is that the Customs Service had little part in negotiating the 1988 pact. James A. Baker 3d, who was Treasury secretary, and his senior aides handled the talks on the nationality rules.

The old Customs rules involved rounding off a lot of figures, since carmakers were allowed to calculate the nationality of each major part, and then take the average of all the major systems to determine the overall nationality.

The Customs Service calculated that the top halves of the engines were American and the bottom halves were American, but that when put together, the entire engine was 100 percent Japanese.

It reached this conclusion by rounding down the weight of the American content of the top halves of the engines. This could be done because of another unusual interpretation by the Customs Service. The 1988 pact specified that only the "direct costs of assembly" should be included, so the service excluded the cost of mold-



Gauging the Economy Through Cardboard Boxes

By Robert D. Hershey Jr.

NEW YORK — It was October 1987 and a tense wait loomed to see whether the crash in the stock market would touch off a recession.

But James Amable, chief economist for First National Bank of Chicago, was quickly reassured. Scrutinizing figures flowing daily from the bank's large credit card operation, he and his associates found customers continuing to rack up new debt rather than hunkering down and repaying the old.

"That was our first indication we were going to shrug it off," said Mr. Amable, who promptly helped spread the word to bond traders, loan officers, customers and others.

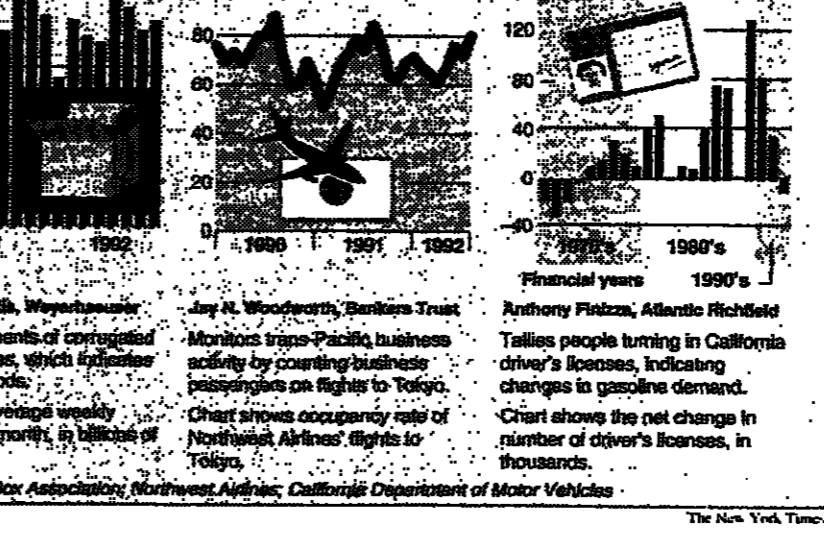
Credit card postings are only one of the host of business and economic statistics occupying the vast territory between a handful of landmark indicators watched universally, like the Labor Department's monthly job figures, and whimsical attempts to make money by analyzing Super Bowl winners, sun spot activity or women's hemlines.

Few of these lesser-known indicators are new, though technology has made various of them far more complete and timely. While some are proprietary, others are available for the looking.

A score of members attending the annual convention of the National Association of Business Economists in Dallas last month described some of their favorites:

- Howard Keen, Consolidated Rail Corp., Philadelphia. Refining

Three Economists' Offbeat Indicators



the traditional freight loadings indicator, whose general popularity waned in the 1970s, Mr. Keen creates his gauge of American industry by excluding loadings of agricultural products, coal and goods in trailers and containers that are assumed to be mainly imported. He finds this series, when adjusted for seasonal variation and put on a four-week moving average, highly correlated to contemporary industrial production. With little movement for about a year, the current message is "a lack of a spark out there," Mr. Keen says.

- Lynn O. Michaelis, Weyer-

hacuser Co., Tacoma, Washington. In addition to home sales and orders for wood products and lumber, Miss Michaelis watches demand for corrugated boxes, a venerable indicator with predictive power based on the fact that so much material, parts as well as finished goods, is shipped in them. This gauge flattened during the summer following hefty year-to-year gains in the spring.

- Jay N. Woodworth, Bankers Trust, New York. A specialist in Japan who has made some 60 trips to the Far East, Mr. Woodworth calculates what he calls non-

weekend-seating-densities in 747s bound for Tokyo, paying particular attention to first class. "When you hit an air pocket in the economy," Mr. Woodworth said, "it's amazing how fast passengers fall off." Recently the counts have been mediocre to poor.

- Wayne D. Gantt, Interstate/Johnson Lane, Atlanta. One Gantt favorite, not always easy to obtain, is citations of companies by fire marshals for stacking unsold goods so high that they interfere with sprinkler systems. Another is the easily determined weight of the New York Times. "When it's nice and chubby I feel much better," Mr. Gantt said. "You know that demand is picking up."

The shares were floated at \$4 in 1989, "and when you're offering shares at 10 guilders now, that is a bad thing for the share market," said Marius Andre, an analyst at the broker Amsted.

Pirelli SpA's shares slipped 10 lire, to 3,590 (\$2.75) a share, in Milan.

Pirelli Tire, hit hard by a downturn in the car industry and pressure on tire prices, said it planned to use the proceeds of the rights issue for rationalization and product innovation.

"The issue of the issue was a surprise, but it's also clear that the company needed a capital injection," Mr. Andre said. "Efficiency and new products are preconditions to survive, but the means for these were not available."

Pirelli also intends to re-

CURRENCY & INTEREST RATES

Gross Rates										Eurocurrency Deposits																			
										Dollar					D-Mark					Swiss Franc									
American	1.63	2.02	1.25	1.24	1.23	1.22	1.21	1.20	1.19	1 month	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	1 month	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

Fed's Lindsey Sees Sluggish Growth For Rest of 1992

RICHMOND, Virginia — The Federal Reserve System expects the U.S. economy to muddle along at a 1.5 percent rate of growth for the rest of this year, although even that sluggish rate is not guaranteed, Lawrence Lindsey, a Federal Reserve Board governor, said Friday.

Mr. Lindsey's comments appeared to leave the door open for further interest rate cuts, though possibly not until after the Nov. 3 general election. He would not comment directly on rates or on the deliberations earlier this week of the Fed's Open Market Committee.

The Fed is having difficulty reading the economy's future course because economic indicators are "a mixed bag" with some reports showing the economy as slowing down while others show it accelerating, Mr. Lindsey said.

If his outlook is correct, growth would be 1.9 percent for all of 1992, below the Fed's July forecast of 2.25 to 2.75 percent.

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MARKET DIARY

Dow Hits 1992 Low As Fed Holds Steady

NEW YORK — U.S. stocks plunged Friday, with the Dow Jones industrial average hitting its lowest closing level of the year, as concerns grew that the Federal Reserve Board would not lower interest rates further before the presidential election.

Initial selling in the bond market was triggered by a published report that quoted an unnamed senior Fed official as saying he did not expect an easing of U.S. interest rates prior to the Nov. 3 election.

The 30-year Treasury bond dropped almost 1 point, as its yield rose 8 basis points to 7.52 percent, the highest level since July 27.

John Blair, senior vice president and head of trading at County NatWest Securities USA, attributed the retreat to slumping bond prices, which he said were "weak on a lack of coordination in cutting interest rates on a worldwide basis."

Reserve will ease interest rates pressured U.S. bond and stock prices but provided some support for the dollar, dealers said.

Many analysts believe it unlikely the Fed will cut rates before the Nov. 3 U.S. presidential election.

Meanwhile, the Bundesbank confirmed via its latest money market operations that it is targeting call money rates at 8.9 percent, 60 basis points lower than the 9.5 percent Lombard rate.

"Sentiment is really changing toward the mark, and although the Lombard rate remains unchanged, the Bundesbank has clearly eased money market rates," said Henry Wilkes, foreign exchange manager at Bank Julius Baer in London.

"We still think there's an outside chance the Fed could ease before the election as there's a poor set of economic figures due next week which are likely to show sluggish activity and low inflation," said Brian Hilliard, economist at Société Générale Straus Turbun.

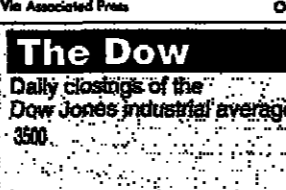


Table titled 'Dow Jones Averages' showing high, low, and close values for various indices including Industrials, Finance, and Commodities.

Table titled 'NYSE Most Actives' listing the most active stocks on the New York Stock Exchange, including Ford, IBM, and General Motors.

Table titled 'NYSE Diary' providing a daily summary of market activity, including volume, high, low, and close values.

Table titled 'NASDAQ Diary' providing a daily summary of market activity for NASDAQ-listed securities.

Table titled 'Amex Diary' providing a daily summary of market activity for the American Stock Exchange.

Table titled 'S&P 100 Index Options' showing option prices for the S&P 100 index.

Table titled 'Market Sales' showing trading volumes for various market segments.

Table titled 'NYSE Odd-Lot Trading' showing odd-lot trading activity on the NYSE.

Table titled 'Stockholm' showing market data for the Stockholm stock exchange.

Table titled 'Standard & Poor's Indexes' showing various market indices from Standard & Poor's.

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Table titled 'NASDAQ Indexes' showing various market indices from NASDAQ.

Table titled 'AMEX Stock Index' showing the American Stock Exchange index.

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Table titled 'EUROPEAN FUTURES' showing futures prices for various European markets.

Table titled 'Food' showing futures prices for various food commodities.

Table titled 'Metals' showing futures prices for various metals.

Table titled 'Industrials' showing futures prices for various industrial commodities.

Table titled 'To Our Readers' providing information for investors.

Table titled 'U.S. FUTURES' showing futures prices for various U.S. markets.

Table titled 'Grains' showing futures prices for various grain commodities.

Table titled 'Metals' showing futures prices for various metals.

Table titled 'Livestock' showing futures prices for various livestock commodities.

Table titled 'Food' showing futures prices for various food commodities.

U.S. / AT THE CLOSE

Gloomy Forecasts for U.S. Growth

WASHINGTON (Combined Dispatches) — Many of the top U.S. economic forecasters are scaling back already weak projections for economic growth next year, said a survey for release Saturday.

The consensus forecast of 52 economists, surveyed by the newsletter Blue Chip Economic Indicators, is for the U.S. economy to grow just 2.7 percent in 1993. The forecast has fallen by 0.1 percentage point since last month's survey, when it called for 3.1 percent growth.

Robert J. Eggert, the editor of Sedona, Arizona, newsletter, said the economists had lowered their forecasts in October. Nine raised their estimates while 17 were unchanged.

Meanwhile, the government reported that after-tax profits at targeted retailers rose 0.5 cent per dollar of sales in the second quarter from the previous quarter.

PITTSBURGH (Bloomberg) — Aluminum Co. of America, the world's largest aluminum producer, said Friday that low prices pushed third-quarter earnings down 18 percent, slightly below estimates.

Alcoa posted net income of \$62.2 million, or 72 cents a share, down from \$75.9 million, or 88 cents, a year earlier. Analysts expected earnings of 75 cents or 76 cents a share, according to recent surveys.

Northwest Now Can Fly Over Russia — WASHINGTON (Combined Dispatches) — Northwest Airlines Inc. said Friday it had been granted permission to fly over Russia airspace after three years of negotiations with the U.S. and Russian governments.

Two new trans-Pacific routes over Russia will lead to savings of \$70 million a year in fuel and operating costs, the airline said. Northwest will pay an undisclosed sum to Russia for overflying rights, and is seeking permission for four more routes.

LOS ANGELES (Bloomberg) — Philip Hawley said Friday he planned to retire as chairman and chief executive officer of Carter Hawley Hale Stores Inc. one day after the department store chain emerged from bankruptcy protection.

View on Rates Lends New Support to Dollar

NEW YORK — A growing sense that interest rate trends have turned favorable for the dollar helped support the U.S. currency on Friday, although it closed below its highs.

The dollar was at 1.4880 Deutsche marks at the close, up from 1.4825 on Thursday, and at 121.85 yen, up from 121.60.

Trading was choppy because of low volume ahead of the three-day weekend in the United States and reports that a U.S. citizen was being held by Iraq.

The dollar popped up to 1.4910 DM on reports that U.S. citizens were seized at the Iraq-Kuwait border. The White House later said Iraq had taken one American into custody and the United States was working for the person's release.

The dollar declined as dealers squared positions before the long weekend, then spurred back up to the day's high of 1.4932 DM in the afternoon before fading again in late trading.

Most U.S. banks will be closed Monday for Columbus Day. Fading hopes that the Federal Reserve will ease interest rates pressured U.S. bond and stock prices but provided some support for the dollar, dealers said.

Many analysts believe it unlikely the Fed will cut rates before the Nov. 3 U.S. presidential election. Meanwhile, the Bundesbank confirmed via its latest money market operations that it is targeting call money rates at 8.9 percent, 60 basis points lower than the 9.5 percent Lombard rate.

PIRELLI: Issue Undercuts Stock

(Continued from first finance page) employment in the past two years in an effort to stem its losses.

Deteriorating financial results and heated competition in the depressed tire market spurred Pirelli in its unsuccessful attempt to seek a merger with Continental AG of Germany in 1990 and 1991.

The company will seek formal approval for the rights issue at an extraordinary shareholders' meeting on Dec. 1.

debt with the cash raised. The company saw interest charges rise to 255.2 million guilders in 1991 from 178.7 million a year earlier.

Pirelli Tire posted a loss of 76.5 million guilders in the first half of 1992 and has said it expected further losses for the rest of the year. The company has been reducing

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WORLD STOCK MARKETS

Table titled 'Amsterdam' showing market data for the Amsterdam stock exchange.

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Table titled 'Brussels' showing market data for the Brussels stock exchange.

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Table titled 'London' showing market data for the London stock exchange.

Table titled 'Stockholm' showing market data for the Stockholm stock exchange.

Table titled 'Paris' showing market data for the Paris stock exchange.

Table titled 'Tokyo' showing market data for the Tokyo stock exchange.

Table titled 'Sao Paulo' showing market data for the Sao Paulo stock exchange.

Table titled 'Singapore' showing market data for the Singapore stock exchange.

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LOS ANGELES (Bloomberg) — Philip Hawley said Friday he planned to retire as chairman and chief executive officer of Carter Hawley Hale Stores Inc. one day after the department store chain emerged from bankruptcy protection.

Mr. Hawley, 67, said he would not oversee Carter Hawley's day-to-day operations after Jan. 31. However, he will retain a seat on the board and serve on the search committee for his successor.

SAN JOSE, California (Bloomberg) — A federal judge on Friday rejected a motion by Advanced Micro Devices Inc. to reverse a jury verdict that it cannot use Intel Corp. software in one of its coprocessors, or support chips.

But Judge William Ingram, of U.S. District Court for the Northern District of California, did not broaden the case to include other Intel microprocessors, or software, that AMD uses in its larger revenue-generating chips. AMD said the ruling strengthened its plans for a timely launch of a microprocessor to rival Intel's i486 chip. AMD shares closed down 1/2 to 1 1/2 on the New York Stock Exchange.

Digital Equipment Corp. named William D. Strecker, 48, a longtime Digital executive, as vice president of engineering, to oversee a retooling of the computer company's engineering division.

Abbott Laboratories said it hoped to sell American Biologicals Inc. the rights to an experimental drug that may prevent transmission of the AIDS virus from pregnant women to their unborn children.

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Large advertisement on the right side of the page, featuring the name 'Hatched' and various promotional text.

C Hardens line Before Trade Talks With U.S.

BRUSSELS — After raising hopes for a breakthrough in world trade talks, the European Community reversed Friday to tough rhetoric ahead of vital weekend negotiations with senior U.S. officials.

The EC farm commissioner, Ray C. Sharry, took a firm stance on agricultural issues still outstanding, raised the specter of trade wars with the United States and criticized President George Bush for trying to block progress.

He was joined in his harsh comments by Agriculture Minister Jean-Pierre Solon of France, who tried to persuade the EC Commission not to yield anything to the U.S. administration this weekend.

Mr. Solon said he gave the Commission a message from Prime Minister Pierre Berégovoy "affirming that the French government would firmly oppose, with all the means at its disposal, the conclusion of accords contrary to the interests of our agricultural sector."

The United States has maintained that far-reaching cuts in EC farm subsidies were an essential condition for success.

In a speech to the U.S. Chamber of Commerce in Dublin, Mr. MacSharry warned that the Community would retaliate "in kind" if the United States fulfilled its threat of punitive duties on EC goods over disputes.

Friday's comments were in sharp contrast with earlier EC remarks, which indicated that the Community was willing to go far in give-and-take talks in a final effort to solve the negotiations.

The Uruguay Round of the General Agreement on Tariffs and Trade, now in its seventh year, has been blocked since December 1990 by a dispute between Brussels and Washington over how far and how fast to slash farm subsidies.

Apart from farming, the negotiators will discuss market access and the services industry, where problems also remain. At stake is a potential boost to world trade estimated at nearly \$200 billion a year and a potential escape from economic recession.

On Sunday in Brussels, EC Trade Commissioner Frans Andriessen will meet with the U.S. trade representative, Carla A. Hills.

(AP, Reuters)

Hachette Shares Plunge 14%

PARIS — Hachette SA shares plunged 14 percent on Friday as the rhetoric that followed massive buying of the stock this week heated up.

An executive of France's top advertising group, Havas SA, denounced Hachette's statement that Havas was the buyer of the stock.

"I thought it was insulting the way the finger was pointed at us," said Jacques Espinasse, Havas's chief financial officer. "There are rules in the market."

He reiterated that Havas was not interested in buying Hachette shares.

But a Hachette spokesman, Thierry Funck-Brentano, shot back, saying that the sell-off "had a distinctive signature."

He said Hachette had not changed its "strong conviction one bit that Havas was involved."

Hachette shares plunged 22.7 francs (54.55) to finish at 136, with 173,600 shares trading hands. That level is still more than 15 percent above Monday's closing price of 118 francs.

On Tuesday, the stock jumped to 140 francs on volume of 89,500 shares, or about 10 times the normal turnover. Volume on Thursday was 625,600. Shares of Havas also suffered Friday, dropping to 369.2 francs, after 378 on Thursday when the company reported net profit of 438 million francs in the first half, down from 655 million francs.

Havas said Friday that it expected its 1992 net profit figure to be close to last year's 1.08 billion francs, down from the forecast of 1.2 billion francs it made in June.

Meanwhile, the French stock market regulator, known as the COB, opened an investigation Friday into this week's volatile trading in Hachette shares.

The COB also said it was looking into financial information published by Ciments Français SA after that company's stock plunged over revelations of hidden off-balance-sheet dealings.

Meanwhile, the merchant bank Paribas said it planned to take legal action against Pierre Couso, the former chairman of Ciments Français who resigned this week. Paribas owned Ciments Français until April and retains a large minority stake.

Analysis said a company might be trying to acquire Hachette before a planned merger with Matra SA, the defense electronics group. The only merit to that merger, they said, would be the way Hachette's debt of 11.5 billion francs would be offset by Matra's cash balance of 4.5 billion francs.

A fund manager at Banque Nationale de Paris with an investment in Hachette said the publishing group needed new leadership that could alleviate the debt load and keep it clear of a merger with a defense company.

"What's striking is the aggressive way the shares were bought," the manager said. "Clearly that's a signal someone wants to make a play on the firm."

Analysis warned that a deal would have to be struck between the unknown buyer and Hachette, since 69 percent of its voting rights are controlled by the businessman Jean-Luc Lagardere through the holding company Marlis SA.

(Bloomberg, Reuters, AFP)

U.K. Inflation Figures Dim Hopes of Rate Cut

LONDON — Higher-than-expected inflation figures released Friday appeared to reduce the chances for a quick cut in British interest rates, economists said, although the rate was within the government's new target range.

September's year-to-year inflation figure was unchanged from August at 3.6 percent, compared with expectations for a drop to 3.5 percent. The underlying rate, which excludes mortgage interest payments, fell to 4.0 percent from 4.2 percent in August, as expected.

Phillip Tyson, an economist at UBS Phillips & Drew, said the figures "rule out a cut in base rates in the immediate future."

He said Norman Lamont, chancellor of the Exchequer, cannot be seen to cut rates when inflation, the key element of the economic strategy he outlined at the Conservative Party conference on Thursday, has failed to come down.

But some analysts disagreed. "These figures underline the fact that Britain is at its heart an inflationary country and will remain so," said Ruth Lea, chief economist

Investor's Europe

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	107.93	108.50	-0.53
Brussels	Stock Index	5,369.19	5,358.41	+0.20
Frankfurt	DAX	1,439.56	1,451.12	-0.79
Frankfurt	FAZ	573.47	576.42	-0.51
Helsinki	HEX	607.92	613.66	-0.94
London	Financial Times 30	1,885.20	1,870.40	-0.28
London	FTSE 100	2,541.20	2,538.80	+0.09
Madrid	General Index	199.91	192.71	+0.62
Milan	MIIB	788.00	763.00	+3.28
Paris	CAC 40	1,857.34	1,873.86	-0.99
Stockholm	Affaersvaerden	753.55	N.A.	-
Vienna	Stock Index	358.85	358.69	+0.04
Zurich	SBS	635.00	633.00	+0.32

Sources: Reuters, AFP

At Standard Chartered, a Glimmer

LONDON — Shares of Standard Chartered PLC, which have outperformed the major British stock index by 8 percent this week, could climb more on takeover speculation and a spate of "buy" ratings from securities analysts, brokers said Friday.

On the London stock exchange, the bank's shares rose 12 pence Friday, to 493 pence.

The gains mark a welcome reversal for Standard Chartered investors, whose shares weakened between mid-May and mid-August on concerns about the Bombay stock scandal as India seized assets of stockbrokers and others suspected of diverting assets from the banking system.

Standard Chartered said Friday that it had started legal proceedings against Citibank for \$41 million. The claim relates to securities transactions between Standard Chartered and Citibank in Bombay between September 1991 and March 1992, said Will Manser, a spokesman for Standard Chartered. Both banks are under investigation in the scandal.

much of its profits there. On Aug. 5, the bank set aside £100 million (\$173 million) of provisions for the scandal.

No criminal proceedings were brought against Standard Chartered, but Indian police arrested several employees.

"The Bombay problems really do look very much like they're in the past," said Hugh Pye, banking analyst at Robert Fleming & Co. "My guess is a third of the provision might be recovered" back into earnings.

Mr. Pye, who put a "buy" rating on Standard Chartered shares Monday, was joined by colleagues at Barclays de Zoete Wedd, Goldman Sachs and S.G. Warburg, brokers said.

Slump Lifts German Surplus

BONN — Germany's trade surplus jumped in August but economists warned against reading too much into the data, saying the recent surge in the market would hit exports and slow West German growth next year.

The Federal Statistics Office said Friday the surplus rose to 5.7 billion Deutsche marks (\$3.9 billion) in August from 1.3 billion DM in July. Exports fell 19 percent, to 48.74 billion DM, but this was more than offset by a 27 percent decline in imports, to 43.02 billion DM.

Economists said the higher surplus had been expected and partly reflected lower industrial production during the summer. They attributed the decline in imports to the weak economy.

The data largely met our expectations and reflect the economic slump and the fact that East Germans are no longer buying in West Germany as they had before," said Werner Verboeket, economist at Commerzbank. The deficit in Germany's current account, which includes services such as shipping, insurance and tourism, fell to 2 billion DM from 7.8 billion.

Very briefly:

- GPA Group PLC, the Irish aircraft leasing company, said it had leased a record 40 planes in September for \$850 million.
- Britain's Home Office minister, Peter Lloyd, said legislation would be drafted to allow Sunday retailing in England and Wales.
- Spanish steelworkers struck Empresa Nacional Siderurgica and Altos Hornos de Vizcaya plants in the Asturias region and Bilbao for 24 hours over government plans for job cuts, idling the plants, union officials said.
- Cap Gemini Sogefi SA said its British unit Cap Gemini Hoskyns had won software-management contracts worth a total of 500 million French francs (\$99.2 million) from Grasse PLC.
- Switzerland's parliament ratified the treaty removing trade barriers between the European Community and the European Free Trade Association and amended 50 laws to bring them into line with Continental legislation.
- National Westminster Bank PLC said its U.S. unit Natwest Bancorp had net income of \$39.4 million in the third quarter, compared with a loss of \$65.7 million a year earlier.

SPEND: Defy the Deficit?

(Continued from first finance page)

policymaker, I would definitely have short-term fiscal stimulus, but I would couple this with a program that assured that the deficit expansion would be reversed later on when the economy was stronger."

Some economists continue to believe that even a temporary spending increase is harmful, among them Alan Greenspan, chairman of the Federal Reserve, and Charles L. Schultz, a senior fellow at the Brookings Institution and a top economist in the Carter administration.

But the unmistakable trend is toward greater tolerance. Henry Kaufman, an economist and Wall Street money manager, said he believed the economy was so weak that even bond-market traders, who are hurt by inflation, were finally willing to tolerate some deficit spending.

Others, like Lawrence A. Kudlow, chief economist at Bear Stearns, said they were adjusting to the possibility that Mr. Clinton might be elected president and will be under pressure to engage in public-works spending.

Mr. Kudlow, a conservative Republican and Reagan administration official, had made television appearances as recently as the Republican convention in which he called for rapid deficit reduction as a cure for the economy.

Now he said that while he would still prefer to stimulate the economy through such tax incentives as an investment tax credit or a lower capital gains tax, he was bowing to circumstances and supports deficit public spending as an acceptable policy for the moment.

NOTICE FOR INTERNATIONAL TENDER SALE OF THE TOURISTIC AND HOUSING COMPLEX "LES JARDINS DE CARTHAGE" AT GAMMARTH - TUNISIA

La Compagnie Touristique Arabe (CTA) proposes to sell an unfinished housing and touristic complex at Gammarth in the northern suburbs of Tunis consisting mainly of two lots.

First lot
A TOURISTIC UNIT:
• a five star hotel composed of 584 beds with the possible use of a casino,
• An apartment hotel of 136 flats ie 450 beds,
• A leisure center consisting of a swimming pool and various sport and leisure amenities.

This unit has an area of 9.7 hectares (97.000 square meters).

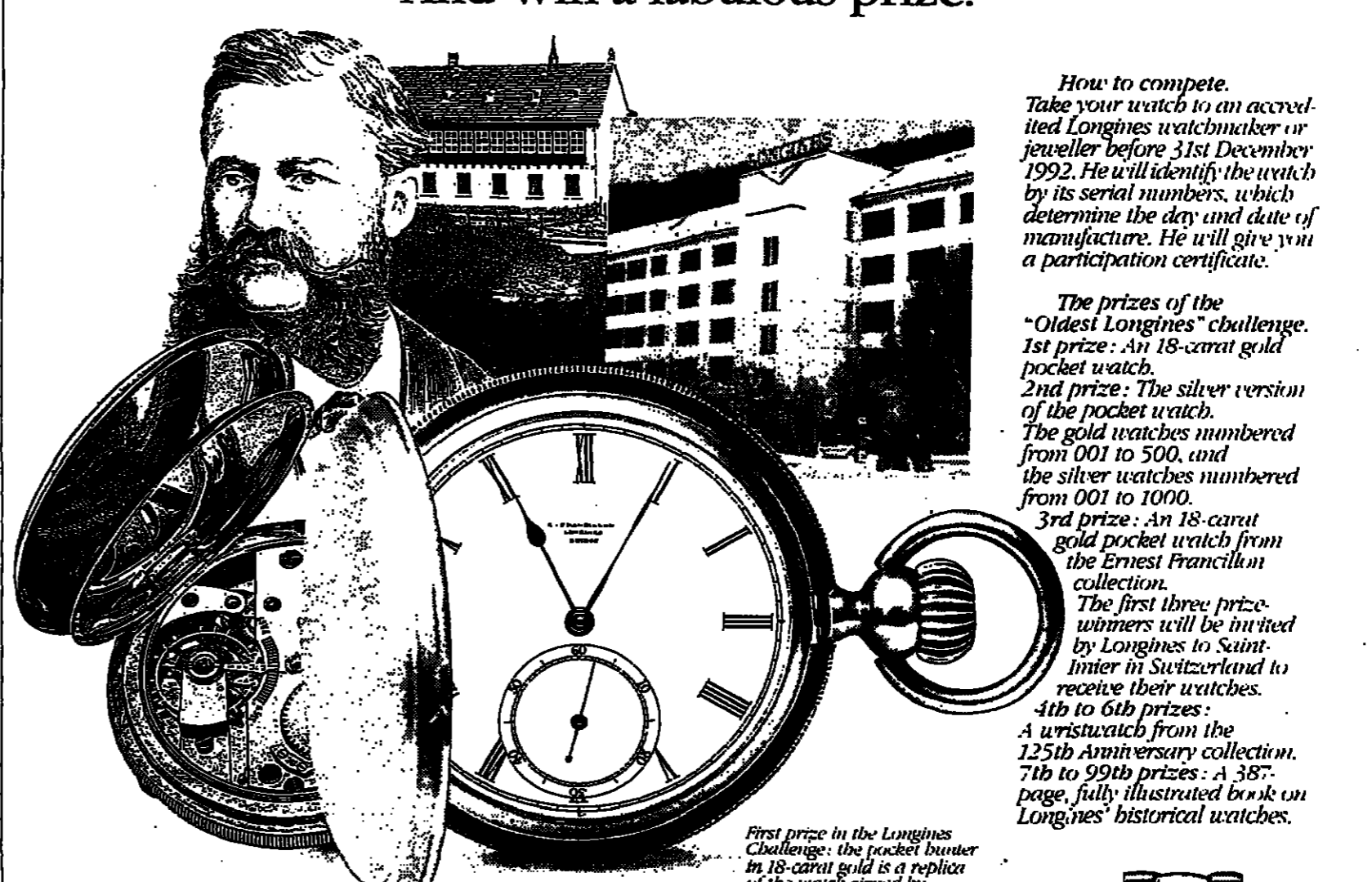
Second lot
A HOUSING UNIT, composed of:
• 29 high standing villas
• 222 flats
• A village centre consisting of commercial outlets, premises for restaurants and cafes as well as 31 flats together with a convention hall and two cinemas
This unit has an area of 11.5 hectares (115.000 square meters).

The parties interested in this tender can get the file at the head office of CTA at 12 Rue de Hollande - 1000 TUNIS, as of October the 1st 1992.

Tenders must be sent in closed envelopes with the following mention "A ne pas ouvrir, Appel d'Offres pour la vente du complexe touristique et immobilier de Gammarth" and should be sent to Monsieur Le Président Directeur Général de la CTA, 12 Rue de Hollande - 1000 TUNIS.

Latest date for receipt of tenders is fixed for January the 16th 1993, postage stamp being franked.

A double celebration deserves a special challenge: Join the quest for the world's oldest Longines watches. And win a fabulous prize.



How to compete. Take your watch to an accredited Longines watchmaker or jeweller before 31st December 1992. He will identify the watch by its serial numbers, which determine the day and date of manufacture. He will give you a participation certificate.

The prizes of the "Oldest Longines" challenge.
1st prize: An 18-carat gold pocket watch.
2nd prize: The silver version of the pocket watch.
The gold watches numbered from 001 to 500, and the silver watches numbered from 001 to 1000.
3rd prize: An 18-carat gold pocket watch from the Ernest Francillon collection.
The first three prize-winners will be invited by Longines to Saint-Imier in Switzerland to receive their watches.
4th to 6th prizes: A wristwatch from the 125th Anniversary collection.
7th to 99th prizes: A 387-page, fully illustrated book on Longines' historical watches.

Back to the pioneer. The first celebration marks the founding in 1832 of Auguste Agassiz's watch enterprise in St-Imier. His nephew, Ernest Francillon, joins the business, and becomes the pioneer of the Longines watch.

The birth of a trade mark. In 1867, Ernest Francillon designs and builds one of Switzerland's first watch factories in a field called Les Longines - a local name that is to become world famous. Ernest Francillon is soon recognised as a watch-

maker of rare inventive and creative abilities. In the permanent quest for performance, Longines turns to the great explorers to establish the reputation of its watches in extreme conditions. The Longines watch survives real tests at sea, on land and in the air, to form its character in a spirit of adventure and discovery.

First prize in the Longines Challenge: the pocket hunter in 18-carat gold is a replica of the watch signed by Ernest Francillon in 1867.

A recent demonstration of Longines' mastery of time: the Auguste Agassiz wristwatch with a perpetual calendar programmed until 2100.

Cray Assails Tokyo on Computer Deal

Compiled by Our Staff From Dispatches

TOKYO — The chairman of the top U.S. supercomputer maker, angered at losing a major contract to a Japanese competitor, accused Tokyo on Friday of violating a trade agreement on fair bidding.

John A. Rollwagen, head of Cray Research Inc., said that a special government appeal board was being protectionist in upholding a public institute's decision to buy a supercomputer from NEC Corp.

"I understand the Japanese government's desire to support Japanese supercomputer suppliers, but that support has gone a bit too far this time," Mr. Rollwagen said.

In response, the minister of international trade

and industry, Koza Watanabe, said he would take up the complaint with the U.S. trade representative, Carla A. Hills, when they attend a trade conference in Toronto on Oct. 17-18.

"We will prepare a definite reply from the Japanese side," he said Friday.

An NEC spokesman said, "Some people are trying to give the impression that we were given the contract because we're a Japanese company, but nothing could be further from the truth."

On Wednesday, the appeal panel turned down Cray Research's request for a reversal of a decision in June by the National Institute for Fusion Science to buy a supercomputer from NEC instead of Cray.

The closely watched appeal was the first made under a 1990 U.S.-Japan supercomputer procurement agreement. Cray Research charged that the institute's decision was unfair under the agreement.

In Washington, Mrs. Hills called for consultations with Japan over the decision. Mr. Rollwagen, speaking in Tokyo, said Commerce Secretary Barbara H. Franklin also backed Cray Research's stand.

Mr. Rollwagen charged that the review panel had failed to respond to Cray Research's claim that the technical standards used in the selection process were in NEC's favor.

(AP, AFP)

NASDAQ

Friday's Prices
 NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

High	Low	Open	Close	Change
17 1/8	17 1/8	17 1/8	17 1/8	0
17 1/4	17 1/4	17 1/4	17 1/4	0
17 3/8	17 3/8	17 3/8	17 3/8	0
17 1/2	17 1/2	17 1/2	17 1/2	0
17 3/4	17 3/4	17 3/4	17 3/4	0
17 7/8	17 7/8	17 7/8	17 7/8	0
18 1/8	18 1/8	18 1/8	18 1/8	0
18 1/4	18 1/4	18 1/4	18 1/4	0
18 3/8	18 3/8	18 3/8	18 3/8	0
18 1/2	18 1/2	18 1/2	18 1/2	0
18 3/4	18 3/4	18 3/4	18 3/4	0
18 7/8	18 7/8	18 7/8	18 7/8	0
19 1/8	19 1/8	19 1/8	19 1/8	0
19 1/4	19 1/4	19 1/4	19 1/4	0
19 3/8	19 3/8	19 3/8	19 3/8	0
19 1/2	19 1/2	19 1/2	19 1/2	0
19 3/4	19 3/4	19 3/4	19 3/4	0
19 7/8	19 7/8	19 7/8	19 7/8	0
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20 1/4	20 1/4	20 1/4	20 1/4	0
20 3/8	20 3/8	20 3/8	20 3/8	0
20 1/2	20 1/2	20 1/2	20 1/2	0
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20 7/8	20 7/8	20 7/8	20 7/8	0
21 1/8	21 1/8	21 1/8	21 1/8	0
21 1/4	21 1/4	21 1/4	21 1/4	0
21 3/8	21 3/8	21 3/8	21 3/8	0
21 1/2	21 1/2	21 1/2	21 1/2	0
21 3/4	21 3/4	21 3/4	21 3/4	0
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23 3/8	23 3/8	23 3/8	23 3/8	0
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In Taiwan, Lee Urges Aide to Stay

TAIPEI — President Lee Teng-hui moved Friday to head off a political storm by asking Finance Minister Wang Chien-shien to stay in his post. Mr. Wang, a reform-minded technocrat who is popular with the middle class, submitted his resignation on Wednesday amid criticism of his proposal to increase real estate taxes to curb land speculation. Prime Minister Hsu Pei-tsun rejected his resignation, but Mr. Wang resubmitted it on Thursday. Mr. Lee met with Mr. Wang and asked him to stay, the Presidential Office said Friday. It quoted Mr. Wang as saying that he would "prudently consider" the request. Mr. Wang had proposed that land transactions be taxed according to the transaction value rather than the far lower value assessed by the government. The proposal came under fire from business groups and deputies in both the governing Nationalist Party and the main opposition Democratic Progressive Party. But Nationalist Party election strategists fear that Mr. Wang's departure would hurt the party in elections scheduled for December, the China Times newspaper reported. Meanwhile, an aide to Oung Taming, the head of the Hualon group, who was convicted for his role in a \$22 million stock scandal and sentenced to 3½ years in prison, said Friday that Mr. Oung would appeal. "Mr. Oung is innocent," the aide said.

Chinese Stock Comes to U.S.

Auto Firm Gets Rousing Welcome on NYSE

NEW YORK — Brilliance China Automotive Holdings Ltd. has become the first state-owned, mainland Chinese company to sell common stock in the United States. Brilliance China, the 37th-largest industrial company in China, raised \$80 million by selling 5 million shares at \$16 each through an underwriting group led by First Boston Corp. The shares were then listed on the New York Stock Exchange, under the ticker symbol CBA, and opened at \$20 a share on Friday. In late trading, the shares stood at \$20.25. The company, which makes minibuses, plans to use the proceeds from the offering to buy production equipment and build new warehouses and plants near the city of Shenyang, the capital of Liaoning Province in northeastern China. Bryant Seaman, director of international investment banking at First Boston, said, "There was a great deal of enthusiasm for this stock offering, confirming that people are confident about China's reform going forward." Brilliance China, incorporated in Bermuda for tax purposes, owns a majority interest in Shenyang

JimBei Passenger Vehicle Manufacturing Co., which is better known as Shenyang Automotive. Prior to the offering, Brilliance China was 78.4 percent-owned by the educational development arm of the People's Bank of China. After the sale, the bank now owns 55.9 percent of Brilliance China. Public shareholders control 28.8 percent. In the first six months of this year, Shenyang Automotive reported earnings of about \$11 million on sales of \$92.15 million. While the company is considered to be the first Chinese company to sell shares in the United States, the New York Stock Exchange does not consider Brilliance China a Chinese company because Shenyang Automotive's executive office is located in the Bank of China tower in Hong Kong. Mr. Seaman of First Boston disagreed, Shenyang Automotive generates all its sales in China, its operations are based in Liaoning Province, and the stock offering is considered to be a big part of China's economic reform, he said. Shenyang Automotive made 11,778 minibuses last year, and was the sole domestic producer of luxury minibuses in China, according to its prospectus.

Beijing and Taipei Team on Bond

MANILA — A Chinese bank and two Taiwan banks will help underwrite a \$300 million bond for the Asian Development Bank, marking the first time Chinese and Taiwan institutions have been underwriters on the same issue, the ADB said Friday. Tsumo Hayakawa, the development bank's treasurer, said China Development Finance Co. (H.K.), a subsidiary of the Bank of China, would be co-lead manager of the bond issue along with Chiao Tung Bank and China Trust Commercial Bank of Taiwan and seven other institutions. "We are very happy that the Chinese and Taiwanese institutions are both taking part," he said. "This is a significant event."

In the past, the Taiwan government has barred its financial institutions from working with their Chinese counterparts. Taipei reportedly lifted the ban in an attempt to promote the expansion of Taiwan financial institutions abroad. "Mainland Chinese investors have shown great interest in the past to buy our paper, but this is the first time they have shown interest in being a player and helping to place and trade our paper," Mr. Hayakawa said. The terms of the five-year bond issue are to be set between Oct. 20 and 22. The bonds will be listed in Hong Kong, Taiwan and Singapore to help develop the capital markets in Southeast Asia. Lehman Brothers (Asia), Wardley and S.G. Warburg will be lead managers of the issue.

China Airline Drops Deal With U.S. Firm

BEIJING — Succumbing to pressure from Beijing to slow down new business with the U.S. aircraft industry, New China Air, China's all-cargo airline, has canceled an agreement to lease four Boeing 737s from an American company, airline officials said Friday. A spokesman for the Chinese airline said that it canceled the contract with BWVY Ltd., a New York-based company, after Chinese government officials warned it was better to do so. New China Air's deputy general manager, Liu Jieyin, said the government officials had told the company "to consider that if we chose Boeing we would have to take into account the unpredictable nature of the relationship between the U.S. and China."

Mr. Liu said New China Air would lease the aircraft from Lufthansa instead. He said the contract's value had not been settled but that it was under \$10 million. The cancellation comes at a crucial time in U.S.-Chinese relations. The United States, in an effort to force China to open its domestic markets to U.S. goods, has threatened to impose tariffs on Chinese exports if liberalization measures are not taken. The deadline for an accord in talks on the issue falls at

Investor's Asia

Table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, Exchange Index, Friday Close, Prev. Close, % Change. Includes data for various Asian markets and indices.

Very briefly:

- Pohang Iron & Steel Co. of South Korea has appointed its vice chairman, Hwang Kyung Ro, as head of the world's third-largest steel company, replacing Park Tae Joon, who took the position of honorary chairman.
• Mitsui & Co. has agreed to export \$1 billion worth of equipment to two Russian state oil companies to help boost output at the underperforming Tyumen oil field in western Siberia.
• Scotiabank, majority-owned by the Hong Kong real estate concern Hang Lung Development, signed a deal for a 1.5 billion dollar (\$194 million) loan to finance a housing development in the New Territories.

Patten Names Members Of His Business Council

By Laurence Zuckerman
HONG KONG — Governor Chris Patten on Friday named the members of his new business advisory council, including one of the top executives of China's leading investment company. Eighteen of the 21 appointees to the Governor's Business Council are executives of the colony's largest and most influential ventures, including managers from Jardine Matheson Holdings, Swire Pacific, Hongkong & Shanghai Bank, Hong Kong Telecom, Wharf Holdings and Sun Hung Kai Property. None of the appointees are women. Larry Young, chairman of CITIC Pacific, the Hong Kong-listed subsidiary of China International Trust & Investment Co., Beijing's leading investment unit, was chosen for the group. But Li Ka-shing, the colony's wealthiest and most powerful executive, was not included. Instead, Mr. Li's eldest son, Victor, was chosen, despite the fact that he spends most of his time in Canada. Mr. Patten announced the creation of the 21-member council, which also includes three government officials, during his policy address on Wednesday. He said it would broaden the range of advice he receives on business and how best to sustain the territory's economic growth into the next century. The panel serves until the end of 1994. "Amongst other things, members will be asked to give their views on how to keep Hong Kong the most business-friendly location in Asia and how to maximize the potential of Hong Kong's position in the heart of the Asian economy," a spokesman for Mr. Patten said. The spokesman said the group would meet bimonthly, beginning

U.S. Mission Upbeat on Philippines

MANILA — The leader of a group of senior U.S. executives expressed optimism on Friday over President Fidel V. Ramos's economic reforms, but added that Manila needed to do more to lure foreign capital. The 27-member group — from aerospace, telecommunications, energy, electronics and financial services companies — met with Mr. Ramos, senior economic aides and private-sector officials during a four-day visit. "Many members of this mission are very pleased with the talks they had with individual sectors," said the leader of the mission, Maurice R. Green, chairman and chief executive officer of American International Group. He said that further missions were planned. Mr. Ramos said that he would push for a law allowing majority or 100 percent foreign ownership of banks, up from the current 40 percent.

COMPANY RESULTS

Table with columns for Revenue and profits or losses, Italy, Britain, France, United States, and various company names like Ferruzzi Finanziaria, Guinness, BNP, Societe Generale, etc.

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

NYSE High-Lows table listing various stocks and their price ranges.

Main NYSE table listing various stocks, their prices, and other market data.

Thai Group Plans China Car Venture

BANGKOK — The Charoen Pokphand Group, a Thailand-based conglomerate, will invest up to \$350 million in a passenger car assembly project in China, a company official said Friday. The project will be a joint venture among Charoen Pokphand, the Chinese government and an international automaker, said Thomas Chia, Charoen Pokphand's senior vice president. "We are negotiating with two companies, one Japanese, and our second choice is an American company," he said. He declined to identify the companies, but said an agreement was expected by the end of the month. Production will begin by June 1, 1993, with the venture initially using an existing Chinese government car factory. Mr. Chia said. Last month, Charoen Pokphand said it would invest \$300 million to increase its motorcycle manufacturing capacity in China.

PRIVATISATION GREEK EXPORTS S.A.

ANNOUNCEMENT OF A PUBLIC TENDER FOR THE HIGHEST BID FOR THE PIRAIKI-PATRAIKI GROUP COMPANIES. GREEK EXPORTS S.A., with registered office in Athens (17 Panepistimiou Street), legally represented, as liquidator in accordance with article 46a of Law 1822/90, as supplemented by article 14 of Law 2000/91, CHANGING INTO a public tender for the highest bid with sealed, binding offers for the purchase, as whole, of the assets of the following companies: 1. PIRAIKI PATRAIKI SYROS SPINNING MILLS S.A., registered in Syros and engaged in the production of yarns (cotton and mixed polyester and cotton). It is the only factory of the P.P. group which produces mixed yarns. It is equipped with 24 ring machines and 4,392 spindles. The factory is in the Eresthomon area of Ermoupolis, Syros, on self-owned land 5,726 m² in area. 2. PIRAIKI PATRAIKI NEA PERAMOS SPINNING MILLS S.A., registered at Nea Peramos and engaged in producing NE36 on average combed cotton yarns and small quantities of combed NE27-40. It has 154 ring machines and 89,226 spindles. The factory is on the 32nd Km. of the old Athens-Corinth national road in a leased plot of land 86,675 m² in area. 3. PIRAIKI PATRAIKI SAMOS SPINNING MILLS S.A., registered in Samos, produces combed cotton yarns with 40 ring machines and 24,480 spindles in a factory with an area of 12,829 m² in the Venetika district of the community of Vatry on a plot of land 184,471 m² in area. 4. PIRAIKI PATRAIKI CHALKIDA WEAVING MILLS S.A., registered in Chalkida producing ultrafined cotton fabrics. The weaving mill is considered one of the largest in Greece in terms of looms with 182 installed Suber 150 looms and 88 Suber 110 looms. The factory (104,248m²) is in the Vrontou district of Chalkida (within the town plan) on a plot of land 42,820m² in area. 5. PIRAIKI PATRAIKI KARPENISI SPINNING MILLS S.A., registered in Karpensis, produces cotton carded, open end yarns with 64 ring machines and 432 spindles. 6. PIRAIKI PATRAIKI COTTON MANUFACTURING CO. S.A., registered in Athens, 8 Dragatsiou Street, has the largest turnover in Greece in textiles and effects sales and purchases for account of its subsidiary companies on the Greek and foreign markets. 7. PIRAIKI PATRAIKI PATRAS SPINNING AND WEAVING MILLS S.A., registered in Patras is a vertical spinning and weaving unit of a size, technological level and expertise in specialised textile products that is unusual for Greece. Its spinning and weaving mills, dyeing and finishing, etc. installations are the main production units on a 52-acre plot of land and in buildings with a total volume of 713,000m³. 8. PIRAIKI PATRAIKI NEA IONIA SPINNING & WEAVING MILLS S.A., registered in Nea Ionkia, produces cotton yarns and fabrics in a factory of 92,820m² (land plot 20,218m²) on the corner of 2 A. Panagoulou and 6 Sirogiorgou streets in Nea Ionkia. The factory uses 12 PLAT 40 machines with 6,594 spindles and 98 SULZER 133 looms as well as a full equipment of production support machinery. Power and steam are produced in the company's fuel storage tanks, boilers, machinery, etc.) as well as data on current or circulating issues (reserves, debts, etc.) are contained in the offering memorandums. TERMS OF THE TENDER 1. Interested parties are called upon to receive from the liquidator the Offering Memorandum (if they have not already done so) and to submit a sealed, binding offer to the notary public appointed to the tender up to 30 October 1992 at 12 noon. The offer is to be submitted in person or by a legally authorised representative and the relative document of submission will be drafted. 2. The notaries appointed to accept the offers are the following: a) PIRAIKI PATRAIKI SYROS SPINNING MILLS S.A.: Evangelia Georgiou Anastasiou, 13 Emm. Roidi Street (1st floor), Syros, Tel.: 30-281-24428, 30-281-26839. b) PIRAIKI PATRAIKI NEA PERAMOS SPINNING MILLS S.A.: Constantina Anastasiou Vassiliou, 104 Acedou Street, Athens, Tel.: 30-1-323-1121. c) PIRAIKI PATRAIKI SAMOS SPINNING MILLS S.A.: Ioanna Nicolozou Kiriaki, Vathy, Samos. d) PIRAIKI PATRAIKI CHALKIDA WEAVING MILLS S.A.: Ioanna Eleazhou Geroyanni, 22 E. Venizelou Street, Tel.: 30-221-23343. e) PIRAIKI PATRAIKI KARPENISI SPINNING MILLS S.A.: Irene Papadopoulou-Anastasiou, Karpensis, Tel.: 30-237-22922. f) PIRAIKI PATRAIKI COTTON MANUFACTURING CO. S.A.: Dimitrios Constantinou Dimitrakos, 62 Acadamas Street, (1st floor), Tel.: 30-1-323-5220, 30-1-323-2928. g) PIRAIKI PATRAIKI PATRAS SPINNING & WEAVING MILLS S.A.: Phrynetta Vassilou Katakaki, 31 Patras & 31 Meazonos Street, (1st floor), Patras, Tel.: 30-1-6-277-765. h) PIRAIKI PATRAIKI NEA IONIA SPINNING & WEAVING MILLS S.A.: Aristomenis Dionysiou Mihalopoulos, 9 George Street, Tel.: 30-1-930-4297. The bids will be unsealed before the above notaries on 30 October 1992 at 12:30 noon with a legal representative of the liquidating company in attendance and all those who have submitted bids within the prescribed time limit are also entitled to attend. Bids submitted beyond the prescribed time limit will not be accepted or considered. 3. The sealed, binding offers must clearly state the offered purchase price, as a whole, of the assets of the company and must be accompanied by a letter of guarantee from a bank legally operating in Greece for the amount of 250,000,000 drachmas or its equivalent in U.S. dollars for the PIRAIKI PATRAIKI COTTON MANUFACTURING CO. S.A. For the other companies, the amount is 100,000,000 drachmas separately for each, in the event of global offer for all the companies of the group, the letter of guarantee should be for 500,000,000 drachmas. FOR MULTIPLE OFFERS (MORE THAN ONE COMPANY OR THE ENTIRE GROUP) THE PRICE OFFERED FOR EACH COMPANY MUST BE INDICATED AND THE GUARANTEE MUST REPRESENT THE TOTAL AMOUNT OF THE GUARANTEE FOR EACH SEPARATE COMPANY. In the event that the bidder to whom the assets for sale have been awarded should fail in his obligation to present himself, at the invitation of the liquidating company, and sign the relative contract within thirty (30) days of being invited to do so, or abide by the other obligations arising from this announcement, then the deposited guarantee is forfeited in favour of the liquidating company GREEK EXPORTS S.A. to cover all expenses of any kind and time spent, as well as any actual or hypothetical loss without any obligation on the part of the liquidator to give an accounting of them, or GREEK EXPORTS S.A. having the added right to consider the forfeiture as a penalty clause, in which case it may retain the guarantee or collect it from the guarantor bank. Guarantees deposited for participation in the tender are returned to the other bidders after the adjudication of the tender to the highest bidder, after the agreed purchase price has been paid and the act of settlement drafted. 4. The highest bidder is considered to be the one whose bid was evaluated by the liquidating company and approved by 51% of the creditors as being in their interests. 5. The liquidator has no liability or obligation whatsoever towards participants in the tender, both with regard to the drafting of the evaluation report on the bids submitted to the creditors or with regard to his proposal of the highest bidder. Also, he has no liability or obligation to participants in the tender in the event of its cancellation or resumption, if the result should be deemed unfavourable to their interests by the creditors. 6. Those taking part in the tender and submitting bids do not acquire any right, demand or claim, from the present announcement and from participation in the tender, against the liquidator for any cause or reason. 7. Any changes that may arise in the current assets of the companies between the date of commencement of the liquidation and adjudication of the tender, will be adjusted accordingly in the sales price, their evaluation being made with the same methods as the evaluation of the balance sheet at the start of liquidation. For this reason bids must clearly indicate the amount foreseen and claims. 8. Transfer expenses (taxes, stamp duty, notary and mortgage) less, dues and other expenses for drawing up topographic plans according to Law 651/77, etc.) are borne by the buyer. Offers concerning the total number of companies in the group should be submitted to the notary Mr. Dimitrios Dimitrakos. Offers concerning more than one company should be submitted to one of the notaries appointed to the companies concerned. For more information, interested parties can apply to: GREEK EXPORTS S.A. 17 Panepistimiou Street, Athens, Tel.: 30-1-324-3113/5, Fax: 30-1-323-9185 and to the INDUSTRIAL RECONSTRUCTION ORGANISATION (IRO), 234 Syngrou Ave., Athens 176 72, Tel.: 30-1-951-3224, Fax: 30-1-956-8788 and 30-1-965-3285. Amsterdam, 8 October 1992.

THE REPORT

FIRST COLUMN

Fearing An October Surprise

THE fifth anniversary of the crash of October 1987 is approaching. It is one which few of the world's markets will celebrate with much—or indeed any—enthusiasm.

The parallels between now and then are striking, but the differences are more important. The broad similarities are that, first, almost every market in stocks, currencies and bonds appears to be in a state of extreme nervousness.

The key differences are that, first, for all the tremors felt by the equity markets this week, unless you were unlucky enough to hold assets denominated in the British pound or the Italian lira, not much damage has been done.

Less hysterical observers of the situation might think they begin to discern an opportunity emerging from the continued financial furor. Successful contrarians make money from a situation where no one else has the confidence to invest.

HEIR strategy is to buy at or near the bottom of a market others consider bombed out. Given the rhetoric and the state of near-panic, might not now be a time to buy?

This argument appeals to the instincts, except for one important fact. Unfortunately, the markets have not fallen sharply. So we are still several floors above the bargain basement level.

Readers who believe that indicators such as market sentiment—and, it must be said, newspaper articles—are excellent negative indicators of where the markets are going will therefore wait for the hysteria to die down.

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The Long Slump in Diamonds: Is the Bottom in Sight?

By Katherine Burton

THE seemingly endless economic troubles in the United States and Japan, coupled with a diamond rush in Angola, are causing some investors to wonder whether the two-year-old funk in the diamond market might end up being almost as enduring as the stone itself.

The most recent troubles have sparked concern over whether the Central Selling Organization—the De Beers Centenary AG-run cartel that sells 80 percent of the world's uncut diamonds—will be able to maintain its hold over the market.

Certainly the company has begun to show signs of strain. De Beers recently announced that it would slash its dividend for this year, something it has done only once before in its post-war history.

De Beers has always prided itself on never dropping the price of raw, or uncut, diamonds. It keeps the market stable by buying up stones when demand is weak and selling its stockpiles once the market picks up.

In addition, the company's long-term strategy is to increase diamond prices slightly ahead of the U.S. inflation rate, thus ensuring that the gems retain their value. But the company hasn't been able to hike prices since March 1990, and with stockpiles mounting and demand plummeting, an increase isn't likely in the foreseeable future.

Adding to the gloom, analysts say, is that De Beers will spend up to \$4.8 billion this year to support the market on sales that could tumble as much as 16 percent to \$3.3 billion. With such a cash imbalance, some industry observers are beginning to wonder just how long De Beers can afford to prop up prices at current levels.

Roger Chaplin, mining analyst at Credit Lyonnais in London, said the company may run out of cash by the end of the year, compared with a peak of \$1.8 billion at end of 1989. "They may already be borrowing money," he said.

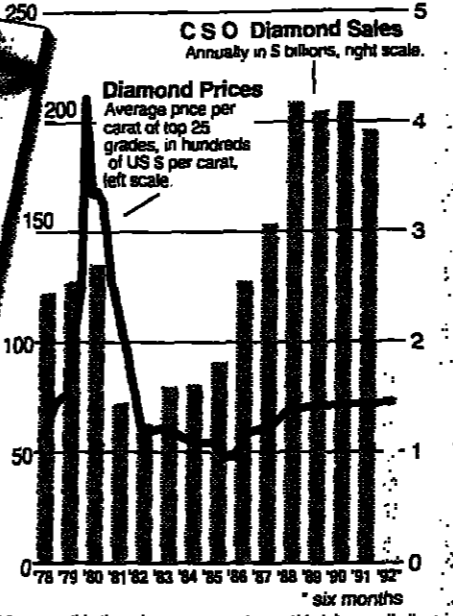
Despite the cash hemorrhage, most analysts believe that De Beers will avoid dropping prices at all costs. The argument runs that the problem is centered not on the short-term prospect for prices, but on the long term. Some industry observers say the future of the cartel itself is at stake.

"The one thing De Beers won't dare do is cut prices because the company is there to protect producers, the CSO and the cutting centers," said Stephen Oke, head of South African research at Smith New Court in London.

He said discounting diamonds also would destroy consumers' image of the precious stone.



Sparkling Volume, Dull Prices



"Besides being a girl's best friend, diamonds are also an investment. De Beers has gone to great lengths to market them as a very special product that does not lose its value," he said.

The main cause of De Beers' current woes has been an influx of illicit stones from Angola into the world market, with some 50,000 Angolan prospectors now mining the banks of the Cuango and other rivers. The recent droughts have left the diamond-rich river beds and banks exposed, facilitating the hunt for alluvial gems.

Although Angola's state-owned diamond company, Endiama, has a contract with the CSO, the end of the civil war there has left much of the country unpoliced, making it easier for smugglers to take diamonds out of the country.

This wildcat mining means De Beers must spend between \$500 million and \$600 million this year to buy up the illicit stones, more than double the amount the company pays to purchase the country's official production.

The economic downturn in the United States and Japan, which together account for almost 60 percent of the \$40 billion diamond jewelry

market, has only made the oversupply more acute. Retail sales of diamonds are down 10 percent in Japan so far this year, and retailers and wholesalers still have huge inventories. As a result, the country's diamond imports have dropped between 17 percent and 18 percent. U.S. retail sales and imports have been only slightly less disappointing.

Analysts say that for the individual investor, the diamond market is best left untouched for the next few years. Small investors have generally put money on the diamond market in one of two ways: either by buying cut diamonds—the raw diamond market is not accessible to the small investor—or by purchasing shares directly in De Beers.

There are relatively few small investors in diamonds," said Michael Spriggs, mining analyst at S.G. Warburg in London. Huge markups between wholesale and resale diamond prices and high broker fees mean that investors must hold the diamonds for many years just to recoup their money, he explained.

Nevertheless, diamonds have been seen as a way of hoarding wealth for centuries. Like gold,

diamonds have been highly valued in most civilizations. Moreover, they are a convenient way of storing or hiding wealth in troubled times: A refugee can run faster with a bag of diamonds than an ingot of gold.

The other main investment concern for individuals is that even when raw diamond prices are on the rise, the price increase does not always translate to higher values in cut diamonds. During the middle to late 1980s, when raw diamond prices took a double-digit percentage jump, the price for a one-carat, top-quality D-flawless diamond fell from around \$60,000 to around \$17,000.

A further significant factor is the lack of standardization in diamond investment. Whereas gold has internationally traded units—such as coins like the Kruggerand or the Angel—that individuals can readily buy, there is no standard unit of diamond investment. Unsuccessful attempts have been made to introduce such a unit, consisting of a range of diamonds of various qualities. Some say that if such a unit existed, the consequent popularity of diamond investment would make the cartel more difficult to operate.

As for investing via De Beers shares, the future is uncertain. The company's dollar-denominated shares listed in London, which hit a high of \$35 in November 1991, are now at \$10, and Mr. Chaplin of Credit Lyonnais Laing said they could fall to \$8 or lower.

But as the company recovered from the diamond market crash of the early 1980s, analysts believe it will climb out of this abyss as well.

The Angolan problem, they say, will improve once the rains come and fill the river beds. The

De Beers' agreement with producers that they hold 25 percent of their production in rough times means that the diamond cartel, probably won't go the way of most other commodities cartels. The clause, which De Beers exercised on Sept. 1, means that it retains full control of the flow of diamonds entering the market while not having to spend as much money buying up the surplus.

"The supply is under control, although it is not a very attractive situation," said Mr. Oke of Smith New Court. He said the CSO's stockpile is currently worth \$3.75 billion, up 25 percent from the beginning of the year, while stockpiles at cutting centers have topped \$4 billion. But he said this compares favorably with the diamond crash of 1981, when cutting centers alone held \$8 billion worth of diamonds.

Mr. Oke still doesn't expect 1993 De Beers earnings to be much better than the \$1.40 a share he has forecast for this year, down from \$2.01 in 1991. "Just when sales will start to recover is anyone's guess," he added.

"I don't think they will go bust, but the next two years will be a rough ride," said Mr. Chaplin. "But in the long-term, five or ten years, De Beers will still be here and the CSO will still be a major player in the diamond market."

Tokyo Rally Lifts Japan Funds in League Table

THE star performer among mutual funds over the month of September was one of the giants of the industry. The Quantum Fund, which invests mainly in equities and futures and is managed by the well-known George Soros, showed growth of almost 25 percent, before taking charges into account. The fund has more than \$3 billion of assets under management.

However, the short-term performance table is dominated by funds investing in the Japanese market. Six of the top 20 performers invest in

Japanese shares or warrants. The Far East comes a close second. Five funds returned handsome figures from Far Eastern markets, with Thai specialist funds showing especially well.

Over one year the story of Asian dominance continues, although two gold funds appear in the top five. The gains recorded—one fund more than doubled in the year, while the other added more than four-fifths of its original value—illustrate the difference between investing in gold funds and gold itself. Gold funds invest principally in mining shares, and the hot stock

pickers have served their subscribers well. Gold bullion, meanwhile, hardly moved over the same period.

Over the longer term the best performers, come from disparate sectors. The strength of U.S. health-care stocks is reflected by four funds, while the Quantum fund is well-positioned again—a performance many would regard as more meaningful than a short-term surge.

European fund manager North Star has produced a fine set of results, with five of its funds finding a place among the elite.

World Bank Offers Rules on Investment

By Robert C. Siner

THE World Bank last month stepped into the international dispute over how nations should treat foreign investors with a set of guidelines it hopes will become international standards.

But he expressed the hope that the prestige of the World Bank would lead many nations, especially those with restrictive rules for foreign investors, to use the guidelines as a framework for restructuring their regulations, thereby eliminating many of the restrictions.

Addressing a European Institute seminar, Mr. Shihata said the need for worldwide legal standards has increased with the growth of foreign investment and the uncertainty surrounding international law in this field. The World Bank guidelines could serve as a framework for the treatment of foreign investors by host states in a way that is "stable, reliable and mutually beneficial," he said.

That statement appears to augur well for the kind of economic cooperation to promote institutional—and ultimately individual—investment opportunities. However, talks on direct investment taking place as part of the global negotiations under the General Agreement on Tariffs and Trade have been less than encouraging. The latest talks ended in a pro forma agreement that pays lip service to liberalizing investment rules but does nothing to change the restrictive practices of many nations.

David Hartridge the director of those negotiations, told the seminar the talks had divided on "north-south" lines—the Third World against the industrial nations—with neither side willing to give ground.

Mr. Shihata said the World Bank guidelines address the fears developing nations have about the possibility of foreign investors owning major parts of their economies. However, the guidelines repeatedly caution against restrictive approaches as antithetical to attracting foreign investors.

Best Performing Mutual Funds

Table listing mutual funds categorized by performance period: Over one month to October 1, 1992; Over one year to October 1, 1992; Over five years to October 1, 1992. Funds listed include Quantum Fund, Fidelity International Investor Service, and others.

Living Away From Home?



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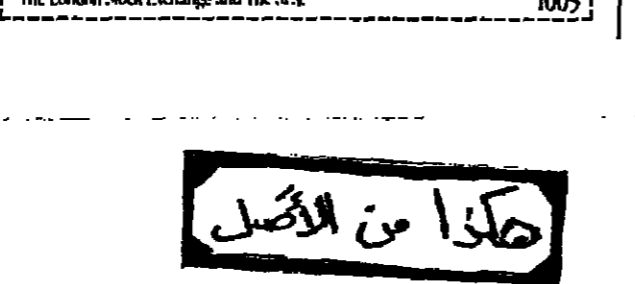
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THE MONEY REPORT

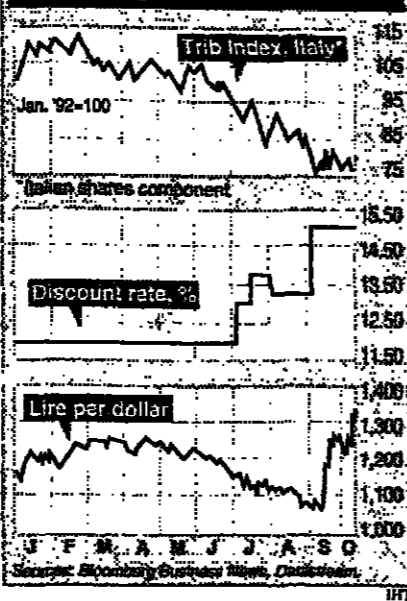
For True Contrarians, It's Italian Stocks

By Aline Sullivan

ESPIE Thursday's sharp recovery of 3.4 percent in a day on the back of the half a percentage point easing of Italian interest rates and tax breaks, the Italian stock market had a miserable time since the lira was split out of the European exchange-rate mechanism. But voracious risk takers claim that it is now time to buy.

The risks are considerable. Italy's government is battling the country's worst economic

Looking For a Bottom



Societa Meridionale Finanziaria, or SME, and Banco Commerciale Italiano.

The government is unlikely to risk criticism by selling shares in these companies cheaply, however, said Paolo Baccanelli, an analyst at Carnegie International. "It may be that the only way these companies are sold is to other companies or to consortiums who are willing to pay a premium for majority control," he said.

The big risk for all investors is the possible failure of the government's budget. Parliament must vote on the package by the end of the year but analysts said there should be some indication of the outcome by mid-November.

The Milan stock market could crash if the budget fails, said Mr. Cassini of Barings. "The government will collapse if this happens," he said. "Then there will be another election but there won't be a majority winner. There will be a run on the lira and a run on government bonds. The whole country will be in chaos."

Investors anxious to avoid the worst consequences of this scenario should consider buying stocks that are relatively less vulnerable to currency and interest-rate fluctuations, analysts said.

Rinascente, Italy's largest retailer, offers good long-term growth prospects, said County NatWest's Mr. Pacetti. "There is a definite move to consolidation in the Italian retailing industry. Rinascente is really the only vehicle to take advantage of this trend." Shares in Rinascente also may benefit if Fiat decides to sell its controlling stake in the company, he said.

Other defensive stocks include companies like clothing manufacturer Benetton and tire-maker Pirelli, which ring up a large proportion of their sales overseas, analysts said.

Potential investors in the Italian market have another obstacle to confront, regardless of the outcome of the budget vote. The Milan stock exchange authority, Consob, recently introduced legislation to control insider trading and monitor company takeovers, but questionable practices remain rife and the market has been plagued with stock scandals this year.

"The lack of liquidity and transparency is certainly a big problem for many people," said a trader who asked not to be named. "Investors get a lot more out of the Italian stock market if they have good connections and know what is going on."

Making such connections is easier said than done for foreign investors. And so analysts say, that although the upside potential of the Italian stock market may be greater than any other in Europe, investors not among the cognoscenti should risk only what they can afford to lose.

Getting Japan's Stocks and Yen in Sync

Selected experts in economics and investment give their opinions, month by month, of the outlook for the world's major economies, currencies and financial markets.

Outlook

A glance at a Tokyo's financial markets shows stock prices grudgingly marking time at a relatively low level while the yen soars to new heights against the dollar almost daily. Current stock prices are, of course, a clear reflection of Japan's poor corporate performance at the microeconomic level. The foreign exchange market, on the other hand, is expressing interest in Japan's relatively

We remain of the view that the dollar is cheap, although uncertainties ahead of the U.S. presidential election may provide a marginally better buying opportunity than current levels.

The European markets remain confused in the wake of the recent debate with the exchange-rate mechanism, but growing evidence of a weakening German economy should prompt the Bundesbank to cut rates, much to the relief of the French, who should survive devaluation fears.

The recent setback in the pound means that from several economic yardsticks the currency is very cheap, but given the tenden-

Currency turmoil has dominated financial markets in recent weeks, and the U.S. presidential election is likely to be a focus in the weeks ahead. Meanwhile, under all the politics, what is happening to world economies?

The news is not good. The U.S. economy looks dead in the water, with even the modest momentum of earlier this year apparently fading out. The debt burden of U.S. households is down a lot now thanks to the fall in mortgage rates, but confidence remains low. In Europe, the German slowdown is upon us, with a shallow recession likely early in 1993. Moreover, many European countries that have been following tight money policies in order to maintain the link to the Deutsche mark are now proposing to cut government spending and lighten fiscal policy too. This was forced on the Italians, but the Germans, French, Dutch and British are all proposing the same thing. That could well mean most of Europe is in recession early next year. In any event, growth will be low and unemployment will rise.

In Japan, of course, the government is doing the opposite, seeking to buffer recession with a big spending boost. Yet the recession



Hirohiko Okumura, chief economist, Nomura Research Institute, Tokyo



Nigel Cumming, senior investment manager, ANZ Grindlays Bank (Jersey)



Gerald Holtham, chief international economist, Lehman Brothers, London

strong performance versus the rest of the world's major economies at the macroeconomic level. This duality of microeconomic weakness and macroeconomic strength sums up the state of the Japanese economy.

Japanese companies are seeing their earnings deteriorate as economic growth slows down. At the same time, they are generally reluctant to resort to layoffs, and they are helping to maintain faster growth in wages than in prices. Business is once again demonstrating a preference for sacrificing corporate profits rather than shifting the burden of the downturn onto their employees. Business also went on massive capital investment between 1986 and 1991, and the burden of depreciating this expenditure is currently weighing on corporate profits.

This sort of individual company strategy is, however, making a significant contribution to Japan's relatively strong overall economic performance. In addition to presiding over inflation of just 2 percent, the government retains a high measure of control over its financial destiny, as demonstrated by its accumulation of a surplus of 47 trillion yen (\$390 billion) between 1986 and 1991.

It is precisely this disparity between Japan's poor performance at the company, or microeconomic, level and its positive performance at the macroeconomic level that has resulted in the simultaneously weak share prices and a strong yen. This disparity is not destined to last, however. If the government makes appropriate use of Japan's strong macroeconomic performance by implementing a variety of measures to stimulate the economy, Japan's business performance also will begin to recover at the company level, and share prices will begin to trend upward again. For the time being, market attention will focus almost exclusively on whether or not the Bank of Japan is ready to make another half-point cut in short-term interest rates.

cy of the foreign exchange market to overdo movements, some further weakness cannot be ruled out.

Elsewhere the Australian and Canadian dollars offer good value.

Some satisfaction may be taken from the growing feeling that low inflation is not a guarantee of strong markets, and that the authorities in most countries may have to embark on more growth-oriented policies. The U.S. stock market after its recent setback offers good value and on any further weakness should be bought aggressively.

Japan having rallied and then given up some of the gain is probably set for a period of consolidation around present levels. The downside is limited by official support activity and the upside by poor earnings and a weak economy.

Europe not surprisingly has been a mess but some buying opportunities will occur in Switzerland on any further weakness. There seems no rush to increase German weighting. In Britain, it is difficult to disagree with what appears to be a consensus view: lower interest rates and a lower currency equals an increased rate of both economic activity and overseas earnings, hence a generally satisfactory market.

Although the U.S. and Japanese markets have come a long way, continued exposure is justified given low yields on cash, even though it is difficult to see further substantial capital appreciation.

In Britain, short-term rates can decline further, which should result in a further steepening of the yield curve.

In Europe excellent value exists in the main markets. France looks attractive.

tion has yet to run its course there. A big inventory and business investment correction lies ahead that will offset government spending.

All this means profit prospects remain mediocre at best, but the trend to lower interest rates is still with us. It has the further to go in Europe in absolute, though not percentage, terms. During 1993, short-term rates in Germany and other European countries will fall by 2 percentage points, but that's less than a quarter of current rates. To take the same proportion of U.S. rates, the cut needs to be only half a percentage point. So while interest rates will fall more on European bonds, the capital gains will not necessarily be higher than on others. It also means the dollar should go up — it's the absolute interest differential that matters here. The dollar should climb above 1.60 DM in the first half of next year.

Investors following my advice are currently invested in Canadian bonds with a hedge into the Danish krone. The hedge has worked well as the krone has resisted depreciation and paid high interest rates. However, the bonds have given up their gains on anxiety over the constitutional referendum in Canada. It's too late to sell now! I would grit my teeth and hold. The time is coming, though, to take the hedge off and hold on to the North American currencies. My rule of thumb is that the Canadian dollar is fairly priced at 1.27 to the U.S. dollar. If the Canadian currency is stronger than that, hold U.S. dollars.

Now may be a good time to invest in Italian equities because there is a good chance shares will rise more than in the other European markets. But it is very risky.

But it is very risky. The risks are considerable. Italy's government is battling the country's worst economic

crisis since World War II with higher taxes, radical spending cuts and public-sector pay cuts. Prime Minister Ciriaco De Mita's austerity budget for 1993 has been welcomed by many investors as a sincere attempt to tackle the country's problems, but it is causing widespread revolt at home.

Max Cassini, analyst at Barings Securities, said he expects the Milan stock market index — the worst performer in Europe so far this year, having lost nearly a quarter of its value — to rise by about 8 percent over the next month if the Italian Parliament appears likely to approve the government's budget.

"If the budget is approved then the government will stay in power, interest rates will come down and the stock market will rally," said Mr. Cassini. "Now may be a good time to invest in Italian equities because there is a good chance

shares will rise more than in the other European markets. But it is very risky."

Insurance companies will be an obvious beneficiary of the budget package, analysts said, because the government's plans to curtail public spending on pensions and health care will spur demand for private substitutes. Kleinwort Benson Securities analyst Fiona Marshall is advising clients to buy shares in Allianz, Generali and RAS.

Other stocks set to climb if the budget is approved include those in highly geared companies like the chemical giant Montedison and the automaker Fiat, said Ms. Marshall. Many analysts believe Italian interest rates are likely to drop after the budget is approved, lessening the debt burden of these companies and increasing consumer demand for their products.

Shares in companies scheduled for privatization also may offer good value to investors, according to Italian market observers. The government expects to raise 7 trillion lire (\$5.3 billion) of its 93 trillion lire budget from the sale of state-owned assets in 1993.

Credito Italiano, Italy's sixth-largest commercial bank, and Nuovo Pignone, a heavy engineering subsidiary of the state-owned energy group Ente Nazionale Idroelettrico, have already been selected for privatization. Further potential candidates include state food group

The Case for Bonds in Most Any Climate

By Martin Baker

THE vogue among investment analysts for some time has been to develop "Bush" and "Clinton" portfolios. At their crux is the investment tactics are these: "A Bush presidency? Buy defense stocks. A Clinton White House? Invest in health care." Now Thomas Gallagher, Shearson Lehman's New York-based chief political analyst, has added his voice to the chorus of election investment calls with a bond play.

Mr. Gallagher is advising investors to prepare for a possible Democrat victory by increasing holdings of tax-exempt municipal bonds.

"One aspect of Mr. Clinton's 'Putting People First' economic program is virtually guaranteed: For high-income individuals, marginal tax rates are going to rise," Mr. Gallagher said. "That makes it

more important than ever for investors to take full advantage of municipal bonds — one of the last tax-free investments available."

Mr. Gallagher offers examples of the attractions of the municipal bond if Mr. Clinton's proposals to increase the top marginal rate of tax to 36 percent from 31 percent become law. A New York State resident who purchased a 6 percent in-state municipal bond (therefore free from federal, state and local taxes) would have to buy a bond yielding 9.44 percent to receive the same income if tax was payable. If federal income tax rates rose to 36 percent, the investor would have to find an instrument paying 10.17 percent. And if the possible surtax on millionaires of 10 percent becomes law, the top federal rate would be 39.6 percent, and the investor would have to find a bond paying 10.77 percent to achieve an equivalent yield, according to Mr. Gallagher's calculations.

Although it is possible to find such bonds, investors would inevitably be sacrificing security for the kind of high return normally associated with inherently risky vehicles such as junk bonds.

International investors who do not have the Internal Revenue Service to worry about will also find that investment houses are taking up bonds. David Felder, London-based director of Kleinwort Benson Investment Management, believes the climate is right for investors to consider bonds, irrespective of their fiscal attractions.

Mr. Felder cites the disinflationary environment in major economies, which has resulted in low inflation but disappointing economic growth. Although he saw monetary policy as having already eased substantially in the United States, Canada, Japan and Australia, he argues that bonds continue to offer high real yields.

But bond markets offer risk as well as return, as the results of an international bond survey by

Kemper Investment Management Co. reveal. There was a difference of 8.8 percentage points in local currency terms between the best and worst performing bond markets in the quarter to the end of September, the firm reports. The Canadian market fared worst, losing 2.59 percent in local terms.

The importance of currency factors was illustrated by the fact that, when converted into British pounds, all bond markets have produced a positive return since the beginning of the year. The best for sterling investors is the Netherlands, which has added 22.1 percent since January.

BRIEFCASE

Can Fidelity Succeed Selling Itself Short?

Fidelity Investments, the fund giant that has more assets under management than anyone else in the mutual fund industry, is now offering a way to unload some of those assets that is unusual for the industry — selling short.

Just as is done with individual stocks, shares in some Fidelity funds can be borrowed and then sold, in the hope that their value will fall by the time the speculator buys them back and returns them.

The shorting must be done through a margin account at Fidelity's brokerage unit, a company brochure says, and the normal rules for selling short apply: Cash equal to half the value of the shorted shares must be kept on account, and money must be added any time the equity falls below 30 percent of the borrowed shares' worth.

Shorting can be done only on 10 of the fund's "Select" funds, which invest in shares of particular industry sectors. These funds carry 3 percent up-front sales charges, but these are waived in short sales.

Shorting stock is a risky business, because the losses are theoretically limitless. In the case of funds, it might be riskier still, asserts Ken Weber in his Weber's Fund Advisor newsletter.

"In a stock short sale, the investor is wagering that a single stock's fortunes will decline," he writes. "But mutual fund managers seek to jettison the weakest stocks in their portfolios. . . . When you short a fund you are betting not only that a market segment will decline, but also that the fund's portfolio manager cannot act effectively to counteract the downward trend."

Against that, however, is the fact that most funds in most years fail to beat the broad market. That means that all else being equal, selling short a sector fund should work out better than a shorting a stock representative of that sector.

Australia's Top Fund Offers Break on Fees

NM Financial Management Ltd., the British fund and pensions subsidiary of the National Mutual Life Association of Australia, is offering a 2 percent discount to new investors in its Australian equities fund. The NM Australian Unit Trust Fund is an open-ended mutual fund that has won an award from fund monitors Micropal for

being top in its sector over 1, 5 and 10 years. Over the five-year period to Sept. 1, the fund increased in value by 57.9 percent, while the average fund in the sector lost over 31 percent.

Les Clements, the firm's manager for investment marketing, claimed the fund's performance was a result of "local expertise and on-the-ground research capability." He was also bullish about the prospects for the Australian economy, citing an inflation level at its lowest for many years.

"Australia is one of the few countries where investors can take advantage of the opportunities that are presented by its two distinct market areas, the resource and industrial sectors," he added.

To qualify for the discount against the regular front-end charge of 5.75 percent, investors must commit money by Oct. 30. The fund carries an annual charge of 1.5 percent.

AIDS Bill Mounts On U.S. Insurers

Although the social and emotional costs of the spread of AIDS are incalculable, the hard financial facts make grim reading. U.S. life and health insurers paid out an estimated \$1.3 billion in 1991 in claims directly related to the AIDS epidemic, according to a survey by the American Council of Life Insurance and the Health Insurance Association of America. That was more than four times the \$292.2 million in estimated AIDS payouts for 1986.

The 1991 survey was produced

A Time for Pruning In U.K. Bank Sector?

A recent survey by financial services research group Datamonitor suggests that the mid-1990s are set to see the toughest competition ever between Britain's retail banks. The firm predicts the number of bank branches in Britain's streets will fall dramatically.

The new emphasis will be on technology, mainly in the form of cash machines, which will displace earlier concepts of servicing customers through many branches.

September Market Scoreboard

Table with columns for Best Performers and Worst Performers, listing various stock indices and their performance metrics for September 1992.

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SPORTS

Taylor Says He's Had It With Giants

By Mike Freeman
Washington Post Service

WASHINGTON — Lawrence Taylor says he's going to retire after this season. Quarterback Phil Simms is out. Jeff Hostetler is in. Coach Ray Handley is throwing temper tantrums and battling the media. What's going on? It must be New York and it must be the Giants.

Few teams in the National Football League are under the microscope as much as the Giants. That scope was at its highest magnification when, in a span of a few hours on Wednesday, the team was thrown into complete turmoil.

First, there was L.T. In a parking lot after practice, Taylor, the NFL's career sack leader and one of the best linebackers to ever play the game, told reporters that he planned to retire after this season.

It began as an off-the-cuff remark, then turned into something more serious.

"It's my last year," said Taylor, 33, who is in the final year of a three-year, \$4.5 million contract. "This is not my team. This is somebody else's team. I'm retiring. I think I've had enough."

For the last few years, Taylor has talked about retiring and playing golf. But lately Taylor, who hates to lose perhaps more than any NFL player, can't tolerate watching the Giants go downhill.

"I think I made a mistake coming back for another year," he said. "But I'm here. I've been like, 'Hey, well it's my last year. Get it over with.' It's not really fun that way."

Swirling around the Taylor turmoil were two other major issues for the tabloids to sink their teeth into: Handley's battle with the media and the quarterback change.

Handley originally said that because a New York television station had shown him in an unflattering light — he had an argument with a newspaper writer — that he would cut back the number of times he met with the media. He also barred two photographers from practice.

Handley wouldn't talk in depth to the New York media about the



Chris Casiano/Reuters

'It's my last year. This is not my team. This is somebody else's team. I'm retiring. I think I've had enough.'

Lawrence Taylor,
Giants linebacker

change in quarterbacks — Hostetler will start Sunday against the Phoenix Cardinals in place of Simms, who hurt his right elbow. So New York writers had to call Phoenix writers for quotes after Handley's conference call with them.

The Giants are being portrayed as a team out of control. The New York Post had a screaming headline that read: "Giant Mess." A gas gauge was drawn on the forehead of a huge photo of Handley. The gauge was on empty.

Reporters called NBC in an attempt to reach former Giants coach Bill Parcells, who convinced Handley to stay with the team as an assistant when Handley was con-

sidering leaving football. An NBC spokesman said Parcells would not talk about Handley.

General Manager George Young was not available to comment. Meanwhile, all eyes will be watching Taylor for the remainder of the season. He has vowed to try to change the fortunes of his 1-3 team.

"Nobody wants to end like this," said Taylor. "I know how it gets so hard to come out here for practice. I don't blame anybody on this team. I don't blame the coach. I blame myself. I let myself get into this frame of mind. It's up to me to get myself out of that frame of mind."

For Dolphins, a Challenge

But Visiting Falcons Must Shore Up Porous Defense

New York Times Service
FALCONS (2-3) at DOLPHINS (4-0)
Key Stat: The Falcons have been outstruck by 290 yards, outpassed by 54 yards and their defense has allowed an average of 32.5 points in road games. Comment: Atlanta makes its first-ever trip to Joe Robbie Stadium. For the high-flying Dolphins, this game presents an excellent challenge for their rejuvenated defense. It was outstanding against Buffalo and has little to worry about from the Falcons ground game. The Falcons passing game, however, is another matter, but Miami has enough overall balance to counter. The Dolphins are favored by 7½ points.

NFL MATCHUPS

nated defense. It was outstanding against Buffalo and has little to worry about from the Falcons ground game. The Falcons passing game, however, is another matter, but Miami has enough overall balance to counter. The Dolphins are favored by 7½ points.

BILLS (4-1) at RAIDERS (1-4)
Key stat: In their matchup last December in Los Angeles, the Raiders led 27-14 in the fourth quarter but lost in overtime 30-27. Comment: The Raiders finally won a game by slipping past the Giants last week but face a more potent offense and one in recent years that they have failed to solve. The 51-3 playoff shellacking two years ago remains fresh in the Raiders' minds as does their overtime loss last season in a game they should have won. The pattern continues. Bills by 7½.

EAGLES (4-0) at CHIEFS (3-2)
Key stat: Chiefs have run the ball 164 times and passed it 123. Eagles defense has not allowed 100 rushing yards in 12 straight games. Comment: Just what do the Chiefs do against the NFL's best defense when they find they cannot run the football? Coach Marty Schottenheimer loves to run and let his defense and special teams do the rest, but it will take much, much more to topple the Eagles. Philadelphia by 2½.

CARDINALS (1-3) at GIANTS (1-3)
Key Stat: Cardinals have lost eight straight road games to Giants; Giants' quarterback Jeff Hostetler in five wins over Phoenix has rushed for 147 yards and five touchdowns. Comment: The boorish way that Hostetler accepted his demotion when Phil Simms was named the Giants starter early this season was childish and foolish. Now he gets another chance to become the permanent starter and Phoenix is an excellent way to start. Hostetler during his career has averaged 5.1 yards per rush against the Phoenix defense and his scrambling and deep-strike abilities give the Cardinals more headaches. Giants by 7.

STEELERS (3-1) at BROWNS (1-3)
Key Stat: The home team in this series has won in each of the last four meetings; Steelers' offense has made 12 interceptions. Comment: Since both teams had a bye last week, both have had extra time to prepare. Pittsburgh enters with more threats on both sides of the ball and owns a plus 141 rushing differential over opponents. That proves critical as the Steelers gain the early lead and are able to hang on by grinding the ball on the ground and running out the clock. Steelers by 3.

49ERS (4-1) at PATRIOTS (0-4)
Key Stat: 49ers have won four straight in this series; Patriots have scored only 34 points this season. Comment: At least New England can celebrate having a

second-straight sellout crowd for the first time in four years. But that's about it. The running and passing of quarterback Steve Young figures to give the Patriots fits as does the San Francisco offense. If New England uses more of its no-huddle offense, it can at least make this one respectable. 49ers by 16.

MARINERS (1-4) at COWBOYS (3-1)
Key Stat: Opponents have outpassed the Seahawks in yards 910 to 543; Cowboys' receiver Michael Irvin is averaging 22.7 yards per catch. Comment: The Seattle defense has been decent since teams are averaging 17.8 points per game against the Seahawks. The Seattle offense, however, has been woeful. Expect Dallas to rebound with punch after the lopsided loss at Philadelphia. The Cowboys may be young, but they are still awfully hungry. Cowboys by 15½.

OILERS (3-1) at REDS (2-2)
Key Stat: Oilers are 2-10 in their last 12 in Cincinnati; Bengals lost 30-7 and 35-3 to Houston last season. Comment: Cincinnati's fast start, with wins over Seattle and the Raiders, has been followed by sluggish losses to Green Bay and Minnesota. To right the ship, the Bengals need more balance on offense — especially in the passing game — and a stout defensive effort against an up-tempo offense. Neither appears likely. Oilers by 7.

JETS (1-4) at COLTS (2-2)
Key Stat: Colts are not only 7-2 vs. Jets in last nine meetings but beat them 28-27 in a road game that was their only victory in '91. Comment: Colts quarterback Jeff George looks good when he's in stride and on the mark. His strong, pinpoint passing was impressive in the Colts' victory over Tampa Bay and the Jets secondary had better be ready for more. If the Jets, however, get a strong ground game, they win. Jets by 2.

RAMS (2-3) at SAINTS (3-2)
Key Stat: Three of the last four meetings — all four victories by the Saints — have been decided by a total of 14 points. Comment: The Saints have six interceptions and 13 sacks vs. Jim Everett in their last four meetings. Those numbers will swell even more because the Saints defense is playing inspired football. No team has scored more than 16 points vs. the Saints. And even though the Saints are averaging only 14.8 points per game, the Rams are not a serious threat. Saints by 9.

BRONCOS (4-1) at REDSKINS (2-2)
Key Stat: Broncos have won three straight regular season games over Redskins, including a 14-10 victory in '89 at RFK. Comment: Denver may never be able to atone for that 42-10 shellacking by Washington in Super Bowl XXII, but knocking the Redskins under .500 would prove a pleasurable blow. The Redskins are still scratching their heads wondering how they lost at Phoenix, but expect them to shine in prime time. With Philadelphia up next, they need this game desperately. And get it. Redskins by 3½.

These matchups of National Football League games were written by Thomas George of The New York Times. Odds were provided by Harrah's in Las Vegas.

Sluman, Woosnam, Faldo and Price in Match-Play Semis

WENTWORTH, England — Jeff Sluman of the United States knocked Seve Ballesteros, the defending champion, out of the World Match Play golf championship on Friday.

Sluman beat the five-time champion by two holes at the end of a scrappy match in tough, windy conditions.

"I just played poorly," said the Spaniard. "I never had any momentum."

Greg Norman of Australia, a three-time winner, became the event's first injury casualty in 29 years.

Norman removed himself from the fray on the sixth hole of his second round match against Nick Price, the U.S. PGA champion, deciding that a troublesome neck injury, which was restricting his swing, could only get worse.

Nick Faldo of Britain, the world No. 1, won decisively by 5 and 3 over Mark O'Meara of the United States, whose putter failed to function in the afternoon, and will now play Price in Saturday's semifinals.

Jim Woosnam turned in seven successive birdies — a record for the event — to finish off Jose-Maria Olazábal 8 and 7 for his second runaway triumph.

In Thursday's first round, he beat Norio Suzuki of Japan 8 and 6. Woosnam meets Sluman on Saturday.

Ballesteros, seeded first, set the alarm bells ringing when he fell four down after seven holes but he was level by the end of the morning round.

He twice led by a hole in the afternoon, but each time he lost the next one as he found it increasingly difficult to stay out of the trees off the tee.

One up with two to play, Sluman, 1988 U.S. PGA champion and second in this year's U.S. Open, ranned in a 12-foot (3.5-meter) par putt at the 17th.

Ballesteros followed him in from six feet and they went to the last.

Sluman played the hole perfectly and when Ballesteros missed the green with his second and pitched from trees into a bunker with his third, it was all over.

"Neither of us played well but I guess I had the better of the bad play," said Sluman. "We all know who he is and how often he's won here. But on the basis of our play this year, I felt I had a chance."

Now Sluman faces the red-hot Woosnam, the 1987 and 1990 champion, who piled up a six-hole lead over Olazábal in the morning only for it to evaporate as the afternoon round began.

Olazábal, seeded one ahead of Woosnam in fourth spot, won the first hole and then struck three successive birdies from the third, where he chipped in from 80 feet.

But after that third birdie, from 27 feet at the fifth, Woosnam matched it from 25 feet to arrest the Spaniard's comeback.

It also galvanized the Welshman's game. He single-putted the next five greens from distances ranging from five to 28 feet and Olazábal conceded the last putt of three feet.

"It was pretty good stuff," Woosnam conceded.

Woosnam has made 22 birdies and an eagle in his two victories.

Norman was scarcely himself against Price and when his two-iron tee shot at the sixth amounted to what he described in baseball terms as "a bunt," the time was right to withdraw.

He suffered the injury, a knot in a neck muscle, sleeping awkwardly early this time.

"It wasn't getting any better and it could even get worse," said Norman.

BOOKS

THE GREAT GAME: The Struggle for Empire in Central Asia

By Peter Hopkirk. 364 pages. \$30. Kodansha International, 114 Fifth Avenue, New York, New York 10011.

Reviewed by Christopher Hitchens

RODYARD KIPLING'S sardonic poem "The Naulakha," written in 1892, contains a quatrain which rehearses the themes of this rich and amusing history: And the end of the fight is a tombstone white with the name of the late deceased. And the epitaph reads: "A Fool lies here who tried to hustle the East."

Fifty years earlier, a certain Captain Arthur Conolly, who had minted the phrase "The Great Game" to describe the feverish geopolitics of Central Asia, had met some of Kipling's conditions by getting himself beheaded at the hands of the ferocious Emir of Bukhara. Even today, however, there is no tombstone. Captain Conolly and his co-conspirator, Colonel Charles Stoddart, lie somewhere beneath the main square of Bukhara, surrounded by its legendary Ark, or citadel. Conolly didn't get a lasting memorial until the publication of Kipling's "Kim" in 1901, where the boy hero (later

to give his distinguished name to the son of H. St. John Philby) says: "Now I shall go far and far into the North, playing the Great Game."

In tracing the arc of conflict and intrigue across "The Roof of the World," Hopkirk supplies plenty of intelligible reasons why it seemed reasonable to Europeans to try and hustle the East. The British, who were never less than besotted in their attachment to the great possession of India, could not relax for a moment from the fear that avaricious foreigners wanted to take it from them. (That Indians might want to take it back from them was a contingency too absurd to be countenanced until after the "Mutiny" of 1857.) First Napoleon, fresh from his triumph in Egypt, was thought to be readying a force to invade India. Then, after the French falling-out with Russia and the French calamity in 1812, it was the dastardly Muscovites who seemed to harbor the ambition to drive south through Afghanistan.

As Hopkirk elucidates, there was at least some reason to believe in the second scenario. The Russian push south into the Muslim Caucasus, and east into Siberia, is one of the great colonial expansions of world history. In very contemporary style, he rehearses the rhetoric about "warm-water ports," "spheres of influence" and "choke points" that until very recently were exercising the best brains at the U. S. State Department. The British of the early Victorian epoch reacted to the Russian menace very much as the

Cold War Americans did. They opted to set up buffer zones and client states, in Persia and Afghanistan, to protect their own heartland by a *coron sanitaire*.

As a leading newspaper warned: "They will attempt to extend their influence to Kashgar, Persia and all the Central Asian states bordering on us, and then will pose a direct threat to our interests in Asia. . . . We must watch them vigilantly and take swift measures to parry the blow being prepared for us by them." That this was a St. Petersburg newspaper warning against British perfidy does not, as Hopkirk drolly points out, much alter the facts of the case.

Look at the map today and you will see that innumerable pressing matters, from the status of Tibet to the continued Russian occupation of some Japanese islands, date from the opening moves in the Great Game. The popularity of pseudo-strategic 20th-century terminology about everywhere being "a dagger pointed at the heart of" everywhere else was uniquely appropriate to the great Central Asian superpower jostle, where daggers bristled at random in all directions. But the bugles sounded in vain. Even as I write, "The East" is reasserting its traditional, devout shape and reckoning the presence of *feringhee* (infidel foreigners) as a mere evanescent episode in its long, traditional resilience.

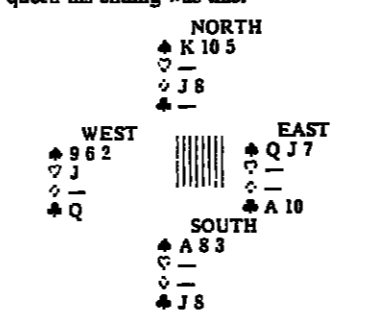
Christopher Hitchens, the critic-at-large for Vanity Fair, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

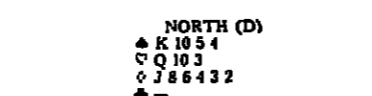
ON the diagrammed deal South landed in four hearts doubled after East's natural two-club opening, using a strong team system.

South ruffed the opening lead and led to the diamond ten. East won and led his singleton trump, which ran to dummy's ten. A diamond ruff, a club ruff and another diamond ruff followed. South cashed his two heart winners, and as West had unwisely failed to unblock his queen his ending was this:



Needing three more tricks, South led the club eight, throwing a diamond from the dummy, and West was forced to win. He then led a spade.

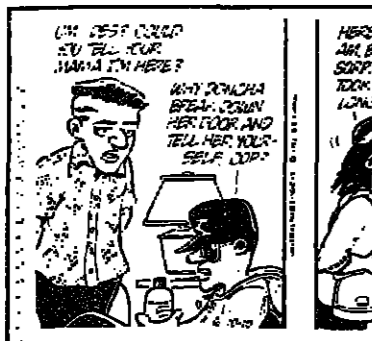
When South won with the king and led a diamond winner East was helpless; he had to unguard one of the black suits, and the heart jack was the third and last trick for the defense.



Neither side was vulnerable. The bidding:
North: Pass
East: 2♣
South: Pass
West: Pass

West led the club king.

DOONESBURY



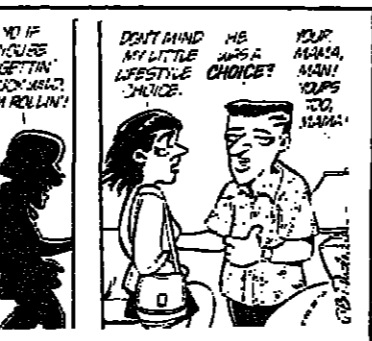
JUMBLE

Unscramble these four Jumbles. One letter to each square to form four ordinary words.

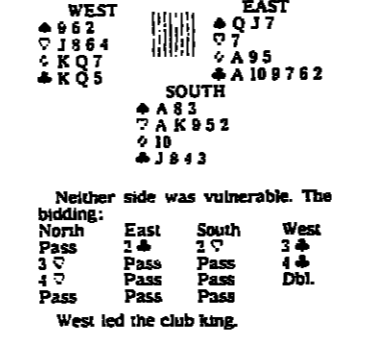
KEJOR
CYREM
TISSAD
LETHEM

Print answer here: _____

BLONDIE



REX MORGAN



PEANUTS



BEETLE BAILEY



CALVIN AND HOBBES



WIZARD OF ID



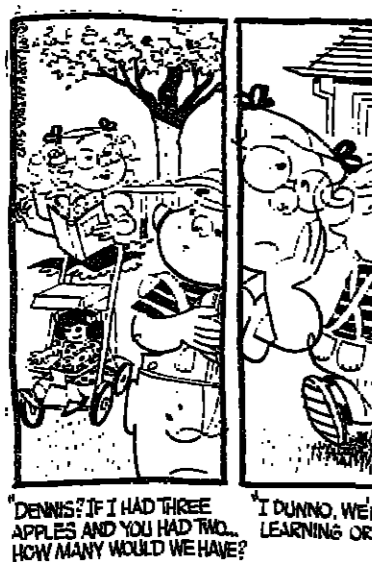
REX MORGAN



GARFIELD



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles. One letter to each square to form four ordinary words.

KEJOR
CYREM
TISSAD
LETHEM

Print answer here: _____

BLONDIE



REX MORGAN



GARFIELD



GARFIELD



GARFIELD



GARFIELD



SPORTS BASEBALL

Blue Jays Even Series With 3-1 Victory

Hired-Arm Cone Shuts Down A's in AL Playoff Game 2

By William Gildea
Washington Post Service
TORONTO — So much for the Toronto Blue Jays' playoff odds...

at third and a 2-0 count on the Game 1 hero, Harold Baines.
Of course it was not going to be easy for the Blue Jays to end their unprecedented streak of playoff futility...

enough to win," but acknowledged that Cone was better.
"Naturally, you think about being called a hired gun and where you might be next year," he said...

son and walked .212 hitter Walt Weiss. After Rickey Henderson fouled out for the second out...

The Boxscore

Table with columns for Oakland and Toronto, listing player statistics such as hits, runs, and errors.



Kelly Gruber drilled a two-run homer, as the Jays ended a seven-game string of home playoff losses.

AL and NL Playoffs and the World Series

All Three Eastern Daylight Time
NATIONAL LEAGUE PLAYOFFS
Game 1
Atlanta 5, Pittsburgh 1

AMERICAN LEAGUE PLAYOFFS
Game 1
Oakland 4, Toronto 3

WORLD SERIES
Saturday, Oct. 17
American League at National League, 8:29 P.M.

Key for Jays Was Knowing When to Quit

By Thomas Boswell
Washington Post Service
TORONTO — As the ball rolled toward the Toronto Blue Jays dugout, with Oakland A's runners spinning around the bases...

first. They had run on a double steal as Cone threw a pitch in the dirt that bounced off Borders and, eventually, rolled into the dugout.

It is hard to overestimate how important it is to the Jays to establish their credibility as an intense, alert team in this reformed era of Jack Morris, Joe Carter and Dave Winfield.

Scoreboard section containing NHL Standings and various league tables.

THURSDAY'S RESULTS table listing scores for various sports events.

BASEBALL Japanese Baseball table listing statistics for various teams.



With a tip of his hat, a triumphant David Cone exited the ninth.

SIDELINES

Filipinos Urge Little-League Change
MANILA (AP) — Little League Baseball Philippines Inc. on Friday defended the resignation of the International Tournament Committee...

Edberg Routs McEnroe in Sydney
SYDNEY (AP) — Stefan Edberg on Friday ended John McEnroe's dream of one last title in Australia...

For the Record
The 76th Giro d'Italia cycling race will start on Elba, the Mediterranean island where Napoleon was exiled in 1814...

Advertisement for 'Dinner & Drink' featuring a list of restaurants in Amsterdam, Paris, and Rome, including Haesje Claes, Restaurant Laxenoxen, and others.

Large advertisement for AT&T USA Direct Service, featuring a clock and the slogan 'Now good news can travel even faster.' It includes a list of international access numbers.

DAVE BARRY

Danger! Barfed Fish

MIAMI — It's time for our popular feature, Deceased Animals in the News. Our big story this week, as you have no doubt guessed, concerns the federal government's program to give away frozen oil-soaked semi-decomposed animal carcasses.

and scooped up the cow (a cormorant, being a member of the ant family, can lift 850 times its own weight), soared to approximately 2,000 feet, realized it had bitten off more than it could chew and woofed on the Penn State Arts Building.

But first we need to issue the following Safety Advisory: Do NOT go outside.

We base this advisory on a news item in a newspaper called (really) the Tillamook, Oregon, Headlight-Herald. The item is headlined: "Explanation Offered for Fish Found on Lawn."

This item alone is not cause for alarm. According to the surgeon general, the odds are that fewer than 17,000 Americans will be killed during this fiscal year by barfed fish falling at 120 miles an hour.

But what DOES alarm us is another news item, from the Centre Daily Times of State College, Pennsylvania. The item, headlined "Cow Parts on Roof," states: "Parts of a cow were found Tuesday morning on the roof of the Arts Building on the Penn State campus, according to Penn State police."

Without suggesting that the fine men and women of the Penn State police have gumgumole dip for brains, we wish to point out that what happened is obvious to anyone who has been following national events. Clearly a cormorant, gull or pelican strayed approximately 2,500 miles from the Pacific Ocean, flew over a Pennsylvania dairy farm, mistook a cow for a Pacific sand lance (the two are virtually indistinguishable from the air), swooped down

'1492': Movie Lands on Wrong Shores

By Vincent Canby

NEW YORK — Much in the way that the mind and motives of Christopher Columbus continue to elude historians, the drama of his life continues to baffle those who would make coherent movies about him.

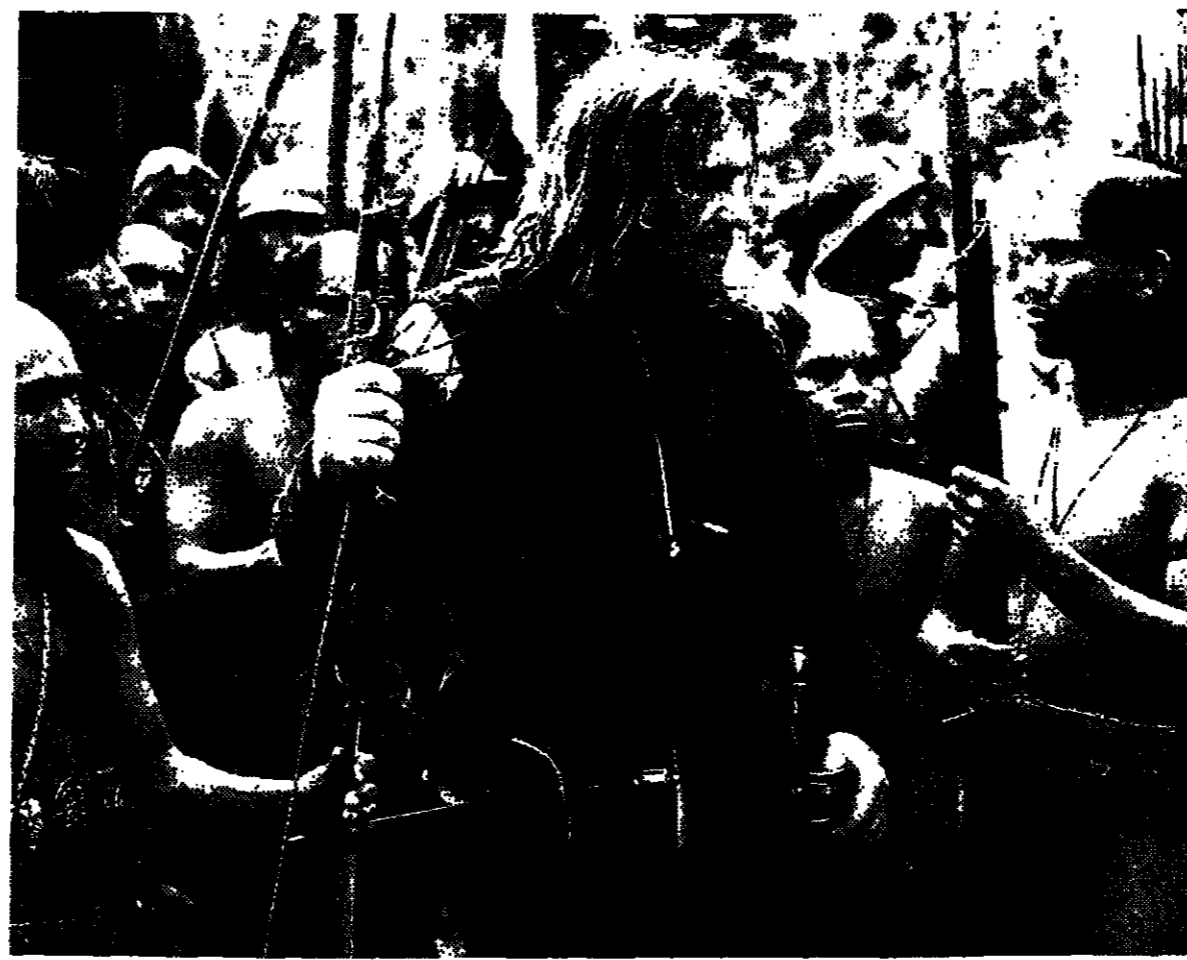
First there is Ilya and Alexander Salkind's "Christopher Columbus: The Discovery," the inadvertently funny swash-buckler seen here in August. Now comes the far more ambitious "1492: Conquest of Paradise" directed by Ridley Scott, written by Rosemary Brown, and starring Gerard Depardieu as a very intense, conflicted Columbus, caught midway between the known world of historical facts and the filmmakers' imaginations.

The film, which actually begins some years before 1492 and ends some years later, starts off with a lot of solemn and quite conventionally effective scene-setting as Columbus's son and biographer, Fernando, recalls his father, the dreamer of impossible dreams.

"I want to travel all over the seas," the father tells the young Fernando as they stand in handsome profile gazing toward the western horizon. "I want to get behind the weather."

Approximately 45 minutes and several throne-room scenes later, Columbus sets sail from Spain on the voyage that would end in what some call the greater discovery of the New World and others describe as the cruel invasion of a world that had always been there.

The film that follows is a decent, if primitive sort of recap of Columbus's four voyages (condensed into two), his initial triumphs, his disgrace and his final neglect as others receive credit for his accomplishments.



Christopher Columbus (Gerard Depardieu) meets Indians: "Nobody ever said this would be easy."

signed by angry Indians and sabotaged by jealous courtiers, he is suddenly revealed to be a Utopian. "You treat Indians as the equals of Europeans," says one disgruntled colleague. "What do you want?"

Answers Columbus, "I want a new world." The movie would seem to agree that the Spaniards treated the Indians badly right from the start, but Columbus's complicity is ignored. He's as shocked as the Indians.

As the movie goes relentlessly on, and as Scott more and more frequently fills the air with rain, mist, fog, smoke or dandelion fluff, dramatic invention runs out. With his dreams of wealth and fame collapsing, all Columbus can say is, "Nobody ever said this would be easy."

PEOPLE

Paris Opera Audience Cheers Ailing Nureyev

Rudolf Nureyev got a 10-minute standing ovation after the premiere of his new choreography for "La Bayadere" at the Paris Opera Grand Theatre on a full house led by Culture Minister Jack Lang and the Paris Opera president, Pierre Bergé. The 54-year-old dancer, who is seriously ill, was supported by the lead dancers Isabelle Chabrin and Laurent Hübner. Within seconds, the stage was covered by dozens of bouquets thrown by fans. In a private ceremony after the performance, Lang decorated Nureyev with the insignia of the Commandeur of Arts and Letters, for a lifetime of excellence in the arts.

Yes, indeed, it's a material world: Madonna was just sending in to her Paris suite when she learned the French government was preparing an income tax bill of 10.4 million francs (\$2.1 million) based on earnings from two 1987 concerts, according to the daily newspaper Liberation. It said she had never declared the income. While her lawyers reportedly are challenging the amount, her record company refused to comment. Madonna is in Paris promoting her new book, "Sex," in which she poses in the nude. She is reportedly paying 45,000 francs a day for her suite at the Ritz, and flew to Paris from Hamburg in a private jet.

His name is familiar — Hoagy Bix Carmichael — and so are the songs in the show he is narrating at a Manhattan club. They were written by his father, Hoagy Carmichael, who died in 1973. Young Hoagy, also named for Bix Beiderbecke, is planning to bring a musical called "Hoagy and Bix" to Broadway next fall.

R. W. Apple Jr. will become The New York Times' Washington bureau chief on Nov. 4, succeeding Howard Raines, who was recently named editor of the editorial page.

A judge in Los Angeles has restored part of a libel lawsuit against author Kitty Kelley by Milton Rudin, a former lawyer for Frank Sinatra, allowing the action to go to trial. Rudin claims that Kelley used false statements about him and Sinatra to sell her biography of Nancy Reagan.

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